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## **Southeast Asia Report**

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27 April 1985

## SOUTHEAST ASIA REPORT

## CONTENTS

## AUSTRALIA

- Analysts Cited on Fall of Dollar  
(David Barnett; AFP, 4 Apr 85)..... 1

## CAMBODIA

- VNA on Joint Communique With Mongolia  
(VNA, 28 Mar 85)..... 3
- VNA on PRK Reception for Home-Going SRV Units  
(VNA, 2 Apr 85)..... 5
- Briefs
- Lao Medical Assistance 7
  - Assistance From CSSR 7
  - Assembly Delegation's Northeast Tour 7
  - IDB Cambodian Refugee Aid 7

## INDONESIA

- Indonesia Fears Fretilin May Turn to Terror Tactics  
(Peter Millership; THE NATION REVIEW, 5 Mar 85)..... 9
- Commentary Views Significance of Thatcher Visit  
(Jakarta Domestic Service, 8 Apr 85)..... 11
- Commentary Says Philippines Adheres to Bandung Spirit  
(Jakarta Domestic Service, 13 Apr 85)..... 12

## LAOS

Foreign Ministry Statement on Thailand Hailed (Vientiane Domestic Service, 31 Mar 85).....	14
'Ambition' of 'Thai Militarists' Viewed (Vientiane Domestic Service, 25 Mar 85).....	16
Thailand Assailed for 'Colluding' With China (Vientiane Domestic Service, 20 Mar 85).....	18
Souphanouvong Attends Games on Party Anniversary (Vientiane Domestic Service, 25 Mar 85).....	20
Sisavat Keobounphan Attends School Opening (Vientiane Domestic Service, 30 Mar 85).....	21
PRK People's Dry Season Victories Hailed (Vientiane Domestic Service, 3 Apr 85).....	22
Briefs	
Sisomphon Lovansai Receives Soviet Lecturers	24
Souphanouvong Receives Outgoing French Envoy	24
Delegation to Vietnam	24
Laboratory for Vientiane	24
Soviet Religious Delegation Arrives	25
Religious Discussion With Soviets	25
Souphanouvong Received USSR Religious Delegation	25
Leaders Receive Outgoing British Ambassador	25
Presidential Office Marks Party Anniversary	25

## MALAYSIA

Encouragement for Foreign Investment Examined (Ahmad A. Talib; BUSINESS TIMES, 27 Feb 85).....	26
Finance Minister Lists Priority Projects (Manan Osman; NEWS STRAITS TIMES, 25 Feb 85).....	27
General Election in August Possible (Kalimullah Hassan; THE STAR, 25 Feb 85).....	28
Palm Oil Biggest '84 Export Earner (Hardev Kaur; BUSINESS TIMES, 27 Feb 85).....	29
Commentary on SRV 'Colonial Rule' (Lumpur International Service, 3 Apr 85).....	30



## NEW ZEALAND

Union's 'Concern' Over Government Policies Aired (THE EVENING POST, 19 Feb 85).....	32
Sydney Series Analyzes Lange's Economic 'Revolution' (THE SYDNEY MORNING HERALD, 19-21 Feb 85).....	33
'Lange, Free Marketeer', by Ross Gittins	33
'Facing Up To Reality', by Ross Gittins	34
'Opposite of Socialistic'	36
Attractions of Economic Union	38
Socialist Unity Party Dismay on Economic Policy (Editorial; NEW ZEALAND TRIBUNE, 18 Feb 85).....	41
Exodus of Workers Accelerates 'Sharply' (THE NEW ZEALAND HERALD, 21 Feb 85).....	43
Exporters Express Fears of U.S. Trade Retaliation (THE EVENING POST, 28 Feb 85).....	45
Life To Be 'More Difficult,' by Anne Byrnes	45
Reaction to First Ban	46
Editorial on Sihanouk Visit, ASEAN-Wellington Policy (THE NEW ZEALAND HERALD, 25 Feb 85).....	47
Daily Criticizes Lange Style, Travel (Editorial; THE NEW ZEALAND HERALD, 26 Feb 85).....	49
Editorial Lauds Samoa Election Result (THE NEW ZEALAND HERALD, 27 Feb 85).....	50
Briefs	
Policies Confuse Neighbors	51

## PAPUA NEW GUINEA

Briefs	
Ruling Party Deputy Leader Elected	52

## PHILIPPINES

Essayist on Range, Role of Forces in Current Crisis (Benjamin Salvosa; THE GOLD ORE, 2 Mar 85).....	53
Mayors Urge Crackdown on Ruling Party (PHILIPPINES DAILY EXPRESS, 3 Apr 85).....	56

Manila Daily Views Rift in Ruling Party (Editorial; TIMES JOURNAL, 3 Apr 85).....	57
Australian Journalist Views Marcos Succession Issue (Peter Hastings; THE SYDNEY MORNING HERALD, 18 Feb 85)..	58
Columnist on Shaping Marcos-Laurel Contest (Leo P. Gonzaga; BULLETIN TODAY, 3 Mar 85).....	60
Ramos Reminds: No Firearms During Crowd Dispersal (ANG PAHAYAGANG MALAYA, 16 Feb 85).....	61
MALAYA Series on Davao Human Rights Violations (Joel C. Paredes; ANG PAHAYAGANG MALAYA, 1-4 Mar 85)....	62
Marcos Crony Allegedly Plots Against Benedicto (Marlen Ronquillo; ANG PAHAYAGANG MALAYA, 1 Mar 85).....	66
Article, Photo Illustrate 'Militant' Women's Congress (ANG PAHAYAGANG MALAYA, 3 Mar 85).....	67
Captured NPA Member Says Davao Insurgents Broken (PEOPLE'S DAILY FORUM, 2 Mar 85).....	68
Cebu Opposition Rally Appeals to Military (VISAYAN HERALD, 2 Mar 85).....	69
Paper Sees Continuance of Rallies, Strikes Through Summer (Rowena Carranza; VISAYAN HERALD, 1 Mar 85).....	70
More Unemployment Predicted in 1985 (ANG PAHAYAGANG MALAYA, 18 Feb 85).....	72
Bishops Urge Review of IMF Role (Percival Alejandro; VISAYAN HERALD, 1 Mar 85).....	74
Cleric on Church's Stand, Options in Crisis (Fr. Ruben Villote; ANG PAHAYAGANG MALAYA, 3 Mar 85)....	75
Eyewitness Account of Balweg's NPA Raid on Sadanga (Francis Dangiwan; THE GOLD ORE, 2 Mar 85).....	76
Article on Labor Unrest in Misamis Oriental (Romi M. Gatuslao; MR. & MS., 1-7 Mar 85).....	78
Coconut Firm Replacement by Nine Analyzed, Criticized (Jeremy Santos; MR. & MS., 1-7 Mar 85).....	80
Pro-Regime Paper Hits Reagan Support of ROK (Nestor Mata; PHILIPPINES DAILY EXPRESS, 2 Mar 85).....	83

VERITAS on Status of 11 Major Industrial Projects (Gin Gin Perez; VERITAS, 3 Mar 85).....	85
Australian Investment Freeze for Two Years (Arleen C. Chipongian; PHILIPPINES DAILY EXPRESS, 1 Mar 85).....	87
Marcos Grants Amnesty to 35 on Firearms Violations (BULLETIN TODAY, 3 Mar 85).....	88
Kalaw Warns Against Communist Influence on 'Convenors' (BULLETIN TODAY, 1 Mar 85).....	89
Zamboanga Massacres Laid to NPA (BULLETIN TODAY, 2 Mar 85).....	90
Virata Notes Decline in Prices of Traditional Exports (TIMES JOURNAL, 3 Apr 85).....	91
Consumers' Congress Demands Rice Institute Ouster (Ellen Tordesillas; ANG PAHAYAGANG MALAYA, 1 Mar 85)....	92
Release of Rice Crop Loans Comes Slowly (BULLETIN TODAY, 2 Mar 85).....	93
Paper Covers Mourning of Slain NPA Leadership Suspect (ANG PAHAYAGANG MALAYA, 17 Feb 85).....	94
Bataan Drive To Counter Propaganda Reported (Efren P. Molina; BULLETIN TODAY, 18 Feb 85).....	95
Central Luzon Water Levels Dangerously Low (BULLETIN TODAY, 18 Feb 85).....	96
Power Line Pilferage Changes Negrenses Lifestyles (Pinky Concha Colmenares; BULLETIN TODAY, 18 Feb 85)....	97
MISG Abused Decried; Olivas Kin Victimized (BULLETIN TODAY, 18 Feb 85).....	99
Military Launches Cagayan Civic Campaign (BULLETIN TODAY, 18 Feb 85).....	100
NPA, AFP Compete in Illegal Cotabato Logging (THE MINDANAO MIRROR-BULLETIN, 18-24 Feb 85).....	101
Statement Assails Extensions of Flag Rank Officers (Eusebio S. San Diego; ANG PAHAYAGANG MALAYA, 18 Feb 85).....	102

Briefs	
Bataan Nuclear Plant Referendum	104
Police Supervision Approved	104
NPA Sympathizers Pledge Government Support	104
SINGAPORE	
Business Outlook Poor as Economy Slows: Lee	
(BUSINESS TIMES, 20 Feb 85).....	105
THAILAND	
Social Action Party MP's Call on Prem To Resign	
(BANGKOK POST, 5 Apr 85).....	106
MP Criticizes Call for Prem Resignation	
(THE NATION REVIEW, 6 Apr 85).....	108
Khukrit Reaffirms Support for Prem Government	
(BANGKOK POST, 3 Apr 85).....	110
Party Official Urges Dissidents Not To Criticize	
(BANGKOK POST, 7 Apr 85).....	112
Malaysian Anti-Insurgent Cooperation Detailed	
(Soemsuk Kasitipradit; BANGKOK POST, 31 Mar 85).....	114
Ukrit Says 'Instability' Hinders Development	
(BANGKOK WORLD, 2 Apr 85).....	116
'Large Communist Camp' Seized in Betong	
(BANGKOK POST, 5 Apr 85).....	118
Paper Reports Cabinet Approves Tax Increases	
(BANGKOK POST, 3 Apr 85).....	119
NATION REVIEW on Suharto-Lee Kuan Yew Talks	
(Editorial; THE NATION REVIEW, 4 Apr 85).....	120
Article Reviews Domestic Political Scene	
(Bangkok Su Anakhot, 20-27 Mar 85).....	122
Daily on SRV 'Liberation' Anniversary Fetes	
(Editorial; BANGKOK POST, 4 Apr 85).....	125
Briefs	
Ukrit Discusses Indian Talks on Cambodia	127
Police Commander on Communist Infiltration	127
Joint Exercise Planned With Indonesian Air Force	127

1,000 Lao Refugees Moved to Nakhon Phanom	128
Trade Protest Mission To Be Sent to Tokyo	128
Military Exercises Held Near Lao Border	128
Asa To Discuss Bilateral Cooperation in Japan	129
Navy Reports Presence of Submarines Near Gulf	129
Belgian Ambassador Presents Credentials	129
Royal Decree Convenes 26 Apr Parliament Session	129
Announcement on Diplomatic Ties With Zimbabwe	129

AUSTRALIA

ANALYSTS CITED ON FALL OF DOLLAR

HK141132 Hong Kong AFP in English 1955 GMT 4 Apr 85

[Article by David Barnett]

[Text] Canberra, April 4--The slide in the Australian dollar's value on the international currencies market has placed new political strains on the Labor government of Prime Minister Bob Hawke, analysts said here today.

The Australian dollar has fallen 18 percent in the last two months, as measured against the official Australian trade weighted index of currencies of Australia's major trading partners.

The fall was masked for some weeks by the rise in the U.S. dollar. But when this stopped, the Australian dollar kept falling and is currently valued around 65 cents to the U.S. dollar, against 86 cents four months ago.

Analysts say the factors behind the sliding dollar include the adverse balance of payments and the inflationary effects of regular half-yearly national wage increases geared to an index of consumer prices.

Mr Hawke's government has built its economic strategy around an agreement with the trade-unions movement for industrial harmony in exchange for the wage increase, the latest--announced yesterday--being 2.6 percent for all Australian workers.

Analysts said another contributing factor behind the slide was fear that the government would not be able to prevent cost increases brought about by the falling Australian dollar from working their way into the cost of living index and into the indexed national wage.

There are now growing doubts about Mr Hawke's ability to control his party which is divided into left, right and center factional groups. The doubts came to a head in February when the left faction forced Mr Hawke to withdraw an offer to assist with the monitoring of the U.S. MX missiles tests in the South Pacific.

Since then the government has had to give way in another factional dispute over an unsuccessful attempt to introduce fees for tertiary education.

Industrial Relations Minister Ralph Willis said today there has been a tremendous recovery in the Australian economy and that it was nonsense to suggest that the wage indexation system was destructive.

But Deputy Opposition Leader John Howard said the factors behind the slide of the Australian dollar included loss of confidence in Mr Hawke's leadership, depressed world commodity markets, the adverse Australian balance of payments and concern about the impact on prices of the dollar's depreciation.

He said the outlook for manufacturing, farming and mining was subdued and there would be no major growth in the tertiary and services sector unless labor markets were deregulated.

"A judgement is being placed on the Australian economy by world markets. It is not favorable," Mr Howard said.

Mr Hawke told reporters he believed the market would come to understand the basic strengths of the Australian economy. "They have produced growth and they will continue to produce growth," he said.

"The government will keep firm control of the fiscal and budgetary policy. The government will be ensuring that there is not an unnecessary reflection into wages of what has been happening," Mr Hawke said when asked by journalists about the Australian dollar's depreciation.

CSO: 4200/740

CAMBODIA

VNA ON JOINT COMMUNIQUE WITH MONGOLIA

ow281039 Hanoi VNA in English 0703 GMT 23 Mar 85

[Text] Hanoi VNA March 28 -- Following are excerpts from a joint communique on a recent Kampuchea visit by Mongolian foreign minister Mangalya Dugersuren, member of the Central Committee of the People's Revolutionary Party of Mongolia, at the invitation of the P.R.K. government.

During his stay in Kampuchea from March 23-26, foreign minister Mangalya Dugersuren was received in audience by Heng Samrin, general secretary of the P.R.P.K. Central Committee and president of the P.R.K. Council of State.

Talks were held between Hun Sen, member of the political bureau of the P.R.P.K. Central Committee, chairman of the council of ministers and minister for foreign affairs of the P.R.K., and Mangalya Dugersuren. The talks took place in an atmosphere of fraternal friendship and complete mutual understanding and unanimity.

The two sides expressed satisfaction at the present state of the relations of friendship, solidarity and cooperation between Kampuchea and Mongolia. They note that the exchanges of party and government delegations in 1979 and 1981 opened a new stage in the development of the Kampuchean-Mongolian relations and gave a push to the broadening of cooperation between the P.R.M. and P.R.K. in various fields. The two ministers held that the present task is to step up efforts with the aim of preventing a nuclear war and defending the cause of peace and social progress. The two ministers note the decisive role played by the world socialist community in strengthening the cause of peace, national independence and social progress. They note the importance of the initiatives in foreign policy taken by the soviet union and other members of the Warsaw Treaty to strengthen international security, in Europe and the rest of the world.

The two parties voice full support for the constructive, realistic stand of the Soviet Union at the Geneva talks.

They held that it would be beneficial to arrive at a political settlement. A normalization of relations between the Indochinese and Asean states, and the creation of an atmosphere of mutual trust and understanding between them.



The P.R.M. warmly acclaim the success of the fraternal people of Kampuchea in restoring the national economy and consolidating the situation both inside and outside their country. The victorious military operations conducted by the people's revolutionary army of Kampuchea in close cooperation with volunteers of the Vietnamese army in eliminating remnants of the pol pot clique and other reactionary forces have deprived the enemy of all support inside the country. This has again testified to the strength and viability of the people's regime. The Mongolian side firmly declares that the P.R.K. government is the only legitimate representative of the Kampuchean people and, as such, must have its place at the United Nations and other international organizations.

The P.R.K. and the P.R.M. strongly condemn the expansionist policy pursued by the Chinese leadership vis-a-vis the Indochinese states most particularly Chinese armed provocations along the Sino-vietnamese border. The two sides fully support all efforts made by the Socialist Republic of Vietnam to normalize relations with China.

CSO: 4200/659

CAMBODIA

VNA ON PRK RECEPTION FOR HOME-GOING SRV UNITS

OWO20811 Hanoi VNA in English 0734 GMT 2 Apr 85

[Text] Hanoi VNA April 2 -- The Kampuchean national defense ministry yesterday gave a grand reception in Phnom Penh to representatives of the Vietnamese army volunteer units which are preparing to go home on agreement between the Vietnamese and Kampuchean governments.

The guests included delegates of group 52 and infantry brigades 7703, 7706, and 9906 led by major general Huynh Huu Anh, commander of the group.

Present at the banquet were Hun Sen, political bureau member of the People's Revolutionary Party of Kampuchea Central Committee, Chairman of the Council of Ministers and Foreign Minister; Bou Thang, political bureau member of the party CC, vice chairman of the council of ministers and minister of national defense and chief of the general staff of the Kampuchean revolutionary armed forces; Men Samon, member of the party CC and head of the department for propaganda and training of the party CC; Chan Ven, secretary general of the state council and president of the Kampuchean-Vietnamese friendship.

Association; Vietnamese Ambassador to Kampuchea Ngo Dien; military attache to the Vietnamese in Kampuchea Vu Nha; and Lao Ambassador to Kampuchea Thong Pen Suolasent; and the military attaches to the Lao and Soviet embassies in Phnom Penh.

At the banquet, minister Bou Thang and major general Huynh Huu Anh toasted the two countries' achievements, especially the victories jointly gained by the Kampuchean armed forces and Vietnamese army volunteers in the current 1984-85 dry season. They wished for constant consolidation and development of the friendship, special militant solidarity and all-round cooperation between the two countries.

On April 1, the delegation of group 52 and brigades 7703, 7706 and 9906, toured the mass grave of victims of the genocidal pol pot regime in Cheng Ek, Kandal province, the genocidal crimes museum at Tuol Sleng, the Kampuchean People's revolutionary armed forces museum, the home Mekong orphanage, and a number of cultural and historical relics in Phnom Penh.

On behalf of the home-going Vietnamese army volunteer units, the colonel chief of the staff of group 52 presented the KPRA museum with two China-made

AK submachine-guns, a trophy from the battles jointly fought with the Kampuchean revolutionary armed forces against the Khmer reactionaries on the Kampuchean-Thai border in the 1984-85 dry season.

A large number of workers and students at the Rose-mekong orphagane warmly welcomed the delegates and presented them with many gifts.

CSO: 4200/759

27 April 1985

## CAMBODIA

## BRIEFS

LAO MEDICAL ASSISTANCE--Phnom Penh SPK March 25--In the spirit of the Kampuchean-Lao treaty of friendship and multiform cooperation, concluded on March 22, 1979, the government and the people of Laos have continuously given material and moral assistance to the Kampuchean people to overcome difficulties left behind by the genocidal Pol Pot regime. In the field of health care, Laos sent medicines and medical equipment as aid to Kampuchea. Particularly it sent medical workers to the northeastern mountain Province of Stung Treng, bordering Laos. In 1984 the Lao Ministry of Health sent to Stung Treng 1,084 kg of medicine and four qualified medical personnel have so far helped in treating nearly 200,000 cases in the province. Meanwhile a number of medical workers in the province also received training from these Lao specialists. More particularly, the Lao sister Province of Champassak also helped Stung Treng build a 30-bed Dispensary in Siem Pang District. [Text] [Phnom Penh SPK in English 1116 GMT 25 Mar 85 BK]

ASSISTANCE FROM CSSR--Phnom Penh SPK April 3 -- The Kampuchea Red Cross (KRC) has received in Phnom Penh 4,225 kg. of medicine and medical equipment as aid to Kampuchean flood victims from the Czechoslovak Government. The consignment was handed over to a ceremony by Czechoslovak Ambassador Zirivesecy to K.R.C. General Secretary My Samedi. Speaking on the occasion My Samedi highly appreciated the aid which, he said, shows the constant assistance and support of the Czechoslovak Socialist Republic to the Kampuchean people. [Text] [Phnom Penh SPK in English 0550 GMT 3 Apr 85 BK]

ASSEMBLY DELEGATION'S NORTHEAST TOUR--Phnom Penh SPK April 3--A delegation of the Committee for Cultural and Social Affairs of the National Assembly [NA] led by Nu Beng, NA vice chairman and committee president, made an inspection tour of the northeastern provinces of Mondolkiri, Stung Treng and Ratanakiri from March 23 to 30. The delegation was also composed of Khieu Kanharith, Kandal deputy and committee secretary, Sam Sundoeun and Ros Kan, respectively deputy from Phnom Penh and Prey Veng. While touring, the delegation met with the representatives to the people's revolutionary committees of the provinces and districts, and called on the local populations. [Text] [Phnom Penh SPK in English 0552 GMT 3 April 85 BK]

IDB CAMBODIAN REFUGEE AID--The Islamic development bank (IDB) has agreed to contribute four million baht in Humanitarian aid to Kampuchean Muslim refugees along the Thai-Kampuchean border, Secretary to Chularatchamontri Office Imron

Marulim said yesterday. He said that there are about 2,000 Kampuchean Muslims along the Thai-Kampuchean border and the assistance will first go to these people. The four-million baht package is the first humanitarian programme provided by IDB to Kampuchean Muslims belonging to the non-communist resistance forces of Prince Norodom Sihanouk and Son Sann. [Excerpts] [Bangkok THE NATION REVIEW in English 2 Apr 85 p 3 BK]

CSO: 4200/759

INDONESIA

INDONESIA FEARS FRETILIN MAY TURN TO TERROR TACTICS

Bangkok THE NATION REVIEW in English 5 Mar 85 p 13

[Article by Peter Millership]

[Text]

LOSPALOS, East Timor — Indonesia says Fretilin separatist guerrillas in East Timor are in bad shape and cannot fight on much longer, but officials fear they might resort to terror tactics against government targets.

Gov Mario Carrascalao said that local support, vital to the success of a guerrilla war, had dwindled for Fretilin and they might launch a campaign of sabotage and assassination of officials.

Indonesian military commanders in the eastern towns of Lospalos, Baucau and Viqueque told the first foreign journalists allowed into the former Portuguese colony for 18 months that Fretilin was short of food and ammunition and their leaders were split.

But a spokesman for Fretilin, the leftist revolutionary front for an independent East Timor, said in Lisbon that the anti-Jakarta resistance remained strong and united despite a decade of Indonesian rule.

Abilio Araujo, one of many Fretilin exiles in Portugal, said last week: "The support of the people for Fretilin's armed resistance movement is growing."

But armed forces commander Benny Murdani told Reuters recently that more than 7,000 troops were fighting 500 to 700 Fretilin rebels.

President Suharto annexed East Timor in 1976 after Fretilin gained the upper hand in a bloody

civil war sparked by Portugal's hasty decolonization plans.

Foreign aid workers estimate 100,000 East Timorese, more than one seventh of the population, died in the years immediately after the conflict, mostly of disease and hunger. Military analysts say Indonesia had lost more than 1,800 troops.

Indonesia partly justifies its intervention by arguing that Fretilin was a Marxist movement and that Jakarta and its allies could not afford to see an Asian Cuba emerging in their midst.

Aiming to win the hearts and minds of the East Timorese, Suharto poured millions of dollars into projects to tempt the guerrillas out of the mountains by offering them a better life.

Former Fretilin members said life was harsh in the rugged mountain sanctuaries where guerrillas had virtually no medicine and a bad diet. There is a general amnesty for all guerrillas.

Carrascalao said in an interview in Dili that Fretilin had lost a conventional war with Indonesia and guerrilla tactics had failed. "The next possibility is terrorism . . . I could see a terrorist system being used against development."

He said there were 30 or 40 hard core members who would never surrender and who might even send a suicide squad to kill him.

Accurate assessment of the

claims of both sides is difficult in East Timor, which is closed to foreign visitors without special permission.

The journalists were tailed by security men during their four-day visit.

In August, 1983, four young Fretilin members carrying rifles emerged from the jungle during the visit of an Australian parliamentary delegation and handed the visitors a protest letter, much to the embarrassment of accompanying Indonesian officials.

Fretilin is strongest in the east, and Dili officials said some labourers were unwilling to work in certain areas. The government plans to build sugar factories, a dam and a new port in the region neglected by the Portuguese.

The journalists found no sign of the army in the eastern sector.

When asked where the troops and their bases were, officials pointed up to the mountains but declined requests to fly there saying the cloud base was too low.

The mountainous jungle of East Timor is ideal territory for guerrillas. Australian commandos in World War II lived there for years eluding Japanese patrols.

One army intelligence official in Jakarta said hard core Fretilin could live on undiscovered in the dense rainforest.

The army is now mopping up after an offensive which ended in mid-1984. The action was launched in apparent retaliation for the killing of 16 army engineers by Fretilin in August, 1983.

The Catholic bishop of Dili, Carlos Belo, accused Indonesia of executing 84 men, women and children in the operation but the governor said Belo had not check-

ed his facts. Carrascalao said at most 10 might have died in the incident, adding that civilians were sometimes inevitably caught in the crossfire.

Church sources and local residents backed up officials' statements that military activity appeared to have diminished since early last year.

In Lospalos and Viqueque districts, military commanders said that last year Fretilin lost a good deal of its traditional support by staging raids on villages which refused to give them food, killing people and burning homes.

More than 1,000 former Fretilin guerrillas, their families and sympathizers are still interned on the island of Atauro in Dili bay "for their safety". Most are from the Viqueque district. The governor said the area was still not safe for them to go back.

Fretilin is armed with weapons from the Portuguese colonial army as well as American M-16s and Soviet-designed Kalashnikov AK-47 automatic rifles captured from Indonesian troops.

Officials declined to disclose details of military operations, but local residents in Lospalos reported that armoured vehicles were used in the area recently. Murdani told Reuters that air force jets had carried out sporadic bombing raids in the territory.

Church sources said soldiers were under strict orders to avoid antagonizing civilians and to present themselves as the guardians of the peace. But Bishop Belo said army commanders often had the best of intentions but in some cases could not control their men.

- Reuter

INDONESIA

COMMENTARY VIEWS SIGNIFICANCE OF THATCHER VISIT

BK081436 Jakarta Domestic Service in Indonesian 1200 GMT 8 Apr 85

[Unattributed commentary]

[Text] British Prime Minister Margaret Thatcher is the first British woman to assume the post of prime minister. Another special attribute is that she is a Conservative Party prime minister, assuming the post for a consecutive term following the party's second victory in the June 1983 general election. Her visit to Indonesia, as part of her tour of the Asian and Southeast Asian region, is of very great significance, not only because she has twice won the confidence of the British people, but also because she has recently met with various world leaders in the midst of fast-moving global political developments. As we know already, the British prime minister has just held talks with U.S. President Ronald Reagan, Soviet leader Gorbachev, and PRC leader Deng Xiaoping.

Her firm attitude toward world issues is very interesting, and this can be seen, among other things, from her decision to support President Reagan's plan to deploy U.S. nuclear missiles in Britain.

Her views on various international issues will probably color her upcoming talks with President Suharto in Jakarta. Having its own views on these international issues, Indonesia can expect the talks between the two leaders to become a useful exchange of ideas in the efforts to realize world peace, which is beneficial not only to the two countries, but to the world community as well.

Meanwhile, bilateral relations have grown rapidly during the past few years. British aid to Indonesia for the past 5 years has stood at 75 million pounds sterling, while that country's participation in Indonesian development is reflected in the installation of 150-megawatt electric cables from East Java to Madura as well as other development projects.

Against the background of the world economic situation, which is still under the influence of a world economic recession, the British prime minister's visit to Indonesia may provide new opportunities for bilateral cooperation to promote further economic and trade relations. We hope that, in an open dialogue, the two leaders will be able to seize this opportunity, whose benefits can be reaped by the two countries.

CSO: 4213/197



27 April 1985

## INDONESIA

## COMMENTARY SAYS PHILIPPINES ADHERES TO BANDUNG SPIRIT

BK141710 Jakarta Domestic Service in Indonesian 1200 GMT 13 Apr 85

[Unattributed commentary]

[Text] During his visit to the Philippines, Malaysian Foreign Minister Tengku Ahmad Rithauddeen held talks with President Ferdinand Marcos on Friday [12 April]. According to observers in Manila, during the meeting a number of issues were discussed, including the problem of Sabah, which has been a point of controversy between the two Southeast Asian countries for the last 10 years. However, Marcos did not mention the problem of Sabah in his televised speech during a state banquet in honor of Tengku Rithauddeen. The Philippine president instead put a special emphasis on the Cambodian problem, which according to Marcos, has arisen from the expansionist designs of dark forces in Southeast Asia.

According to observers in Manila, what Marcos meant by the dark forces in Southeast Asia was Vietnam, which has been occupying Cambodia for the past 6 years. The fact that the Sabah problem was not mentioned in his televised speech but was discussed with the visiting Malaysian foreign minister on another occasion indicates that Marcos might want to show Vietnam the different approach the Philippines has adopted toward the Sabah problem, that is to say, the dispute between the Philippines and Malaysia on the Sabah problem has never led Marcos to resort to a military approach for its solution. He has instead conducted negotiations with Malaysia. In contrast, the dispute between Vietnam and Cambodia soon after the end of the second Indochinese war 10 years ago led Hanoi to resort to military means. The Philippines' attitude toward the Sabah problem indicates that Manila is still imbued with the Bandung spirit.

As is known, during the Afro-Asian conference in Bandung 30 years ago, the participating countries, including the Philippines and Vietnam, agreed to adopt the principle of peaceful coexistence--any dispute between two neighboring countries like Vietnam and Cambodia cannot be solved through military means, but must be solved through negotiations. Cambodia also took part in the Bandung conference 30 years ago; its delegation was led by Prince Sihanouk.

On the eve of the commemoration of the 30th anniversary of the Bandung conference, Marcos has adopted a correct position by discussing the Sabah problem in his meeting with Tengku Rithauddeen because the Philippines wants to give an example of how to practice the 10-point principle of the Bandung conference in solving its dispute with Malaysia.

Meanwhile, Tengku Rithauddeen will preside over an ASEAN foreign ministers' meeting in Kuala Lumpur in July to discuss the Cambodian problem.

CSO: 4213/198

27 April 1985

LAOS

## FOREIGN MINISTRY STATEMENT ON THAILAND HAILED

BK051618 Vientiane Domestic Service in Lao 1400 GMT 31 Mar 85

[Unattributed "article": "Wholeheartedly Hail the LPDR Foreign Affairs Ministry's Statement"]

[Text] On 28 March, the spokesman of the LPDR Foreign Affairs Ministry issued a statement solemnly condemning sinister tricks, schemes, and acts of the Thai ultrarightist reactionaries in stepping up their collusion with the reactionaries in the Chinese ruling circles and completely tailing after them to oppose the revolutions of the Cambodian, Lao, and Vietnamese peoples. The statement points out that the challenges made by the ultrarightist reactionaries in the Thai ruling circles to launch attacks in PRK territory and to exercise various rights as uttered by them in coordination with the expansionist-hegemonist statements of the Beijing reactionaries with the hope of threatening the SRV once again clearly expose to various peace-loving nations in the region and the world the basic, unchanged schemes of the culprits in nibbling and annexing territories of neighboring countries -- the culprits who have always created disturbances and tension threatening peace and stability in Southeast Asia.

As everyone is aware, the Thai ultrarightist reactionaries have, for 6 years, allowed the beloved and jealous land of the Thai people to be used as a sanctuary protecting the Pol Pot clique of murderers and other Cambodian reactionaries so that they can infiltrate into Cambodia to carry out activities to sabotage and destroy the building of a new life of the Cambodian people. They have stepped up collusion with the Beijing reactionaries and complies with their instructions in carrying out large-scale aggression and violating the sovereignty and territory of the PRK while sinisterly and challengingly making an arrogant announcement threatening the Cambodian people in coordination with the statements of the Beijing reactionaries who have always threatened to teach Vietnam a second lesson. All these have appeared after Thailand openly announced its military assistance to the Cambodian reactionaries in the 11-12 February conference of the ASEAN foreign ministers and after the visits to Thailand by many Chinese state and army leaders who have pledged on many occasions to continue to support Thailand's policy of opposing the three Indochinese countries.

All this has occurred after the ultrarightist reactionaries in the Thai ruling circles complied with Beijing's instruction in mobilizing their regular armed forces to attack and occupy the three Lao villages -- Ban Mai, Ban Kang, and Ban Savang -- in Paklai District, Sayaboury Province, on 6 June 1984. Until now, they have not completely withdrawn all their troops from Lao territory. The Thai troops are still stationed in some peaks in areas of the three Lao villages. They have not yet agreed to return the Lao people to their native villages and have continued to refuse to compensate the Lao people for the losses inflicted by them. In particular, the Thai side has continued to reject the Lao side's proposal for the resumption of talks between governments of the two countries on the problem of the three Lao villages. Simultaneously, the Thai ultrarightist reactionaries have continued to implement Beijing's instruction in using Thai soil as a shelter for Lao and other reactionaries and as a place for training and building these reactionaries before sending them to Laos to carry out activities to create disturbances, step up organized spy activities, and conduct provocations and challenges along the Lao-Thai border.

The dark schemes and the sabotage and subversive acts against the three Indochinese countries along with the said sinister threatening statement of the Thai ultrarightist reactionaries, together with their rejection of the creative proposals advanced by the PRK on the establishment of a safety zone along both sides of the Cambodian-thai border under international supervision and control, have clearly proved that the ultrarightist reactionaries in the Thai ruling circles are pulling Thailand into a new path of drifting into the orbit of the Beijing big-nation expansionists and hegemonists -- who have been threatening the various countries in the region -- with the hope of absurdly fulfilling their ambition of pan-Thaism. Such acts by the Thai ultrarightist reactionaries have brought nothing beneficial to the Thai people or to the fine relations between the Thai people and the peoples of neighboring countries, particularly the Lao and Cambodian peoples. On the contrary, the present bellicose acts of the Thai ultrarightist reactionaries will only push Thailand and the Thai people even deeper along the aggressive, adventurous, and dangerous path which runs counter to the just aspirations and interests of the Thai people. Such bellicose acts trample on the fine relations between the peoples of Thailand and Laos. They are also contrary to the contents and spirit of the Lao-Thai joint statements signed between the two governments in 1979.

The Lao people resolutely demand that the Thai administration end all acts of violating the sovereignty and territorial integrity of the LPDR and of the PRK in the interest of good neighborly friendship and normal relations and cooperation among the peoples of the countries in the region, in particular between the peoples of Laos and Thailand and between the peoples of Cambodia and Thailand. The Lao people fully support and wholeheartedly hail the 28 March statement by the LPDR Foreign Affairs Ministry spokesman. The Lao people support the reasonable and creative proposals of the PRK and various proposals of the three Indochinese countries as stipulated in the joint communique of the recent conference of the three Indochinese foreign ministers in Ho Chi Minh city, the proposals which are aimed at peacefully resolving the regional problems for peace and stability in Southeast Asia and the world.

LAOS

# 'AMBITION' OF 'THAI MILITARISTS' VIEWED

VK271459 Vientiane Domestic Service In Lao 1400 GMT 25 Mar 85

["Talk": "True Warmongering Nature of Thai Militarists"]

[Text] The ambition of the ultrarightist reactionaries in the Thai ruling circles represents an adventurous political policy being pursued in line with the greater-Thailand doctrine. By resorting to deceitful tricks, they are trying to blind the Thai people and progressive opinion in the world by pretending to seek peace in Southeast Asia and the world. However, their actual deeds indicate their bellicose, militarist nature.

As everyone knows, the ultrarightist reactionaries in the Thai ruling circles are joining the U.S. arms race. To attract U.S. sympathy, they have raised a ballyhoo, saying that Vietnam has encroached upon Thailand's sovereignty, that Vietnam is threatening Thailand, and so forth. All this is aimed at begging for U.S. weapons. As for the warmongering U.S. imperialists who have maintained the idea of creating tension and increasing the supply of arms to the region, they have responded to the call by deciding to sell F-16 aircraft to Thailand. Mr (Pursand), director of a U.S. project for refugees, stated that \$26.5 million will be given to Thailand as aid for refugees in 1986. In addition, assistance has been provided for the setting up of weapons factories in Thailand.

All of this is part of a single plan -- that is, to restore and rebuild bases in Thailand, to make use of and encourage the ultrarightist reactionaries in the Thai ruling circles to join the arms race, and to continue intervention and aggression against the three Indochinese countries, regardless of the bitter lessons they have been taught by the nations in the region.

Their faithful obedience to the United States and their adherence to the militarist line of the greater-Thailand doctrine implemented in the history of the Thai ultrarightist reactionaries will not only threaten the peace of the nations in the region but will also utterly challenge the aspirations of the Thai people, who always want peace, -- not war -- with their neighbors. It is thus certain that the Thai people will fully oppose anyone who tries to drag them into a war.

For this reason, in drawing the Thai people into the arms race, using Thai territory as a sanctuary for training and transporting weapons and other war

means to the Pol Pot clique and other Cambodian reactionaries to wage an undeclared war against the Cambodian people, and in acting hostilely against friendly countries, the ultrarightist reactionaries in the Thai ruling circles will not benefit the Thai people's living conditions but will only drag them into a disastrous war.

CSO: 4206/109

LAOS

# THAILAND ASSAILED FOR 'COLLUDING' WITH CHINA

BK291518 Vientiane Domestic Service in Lao 0530 GMT 20 Mar 85

["Talk": "Gift From Beijing Delegation"]

[Text] The door to Thailand has been opened around-the-clock to its special guests -- the Beijing reactionaries. Following Athit Kamlang-ek's visit to China and Wu Xueqian's trip to Thailand the frequency of the exchange of delegations between the two countries has remarkably increased -- to the extent that they may collide with each other. Apparently the relations between Thailand and China have reached their height following the recent visit to Thailand by a Chinese delegation led by President li Xiannian to sound out what the Thai ruling circles need and to see how capable they are in carrying out their assigned tasks.

As their true nature is expansionist and hegemonist, no matter what level their delegations are sent to Thailand, the Beijing reactionaries' sole intention is to present their expansionist plan to the Thai ruling circles as a gift.

Historically, Thailand has been the only country in Southeast Asia, which cultivates an expansionist ambition or the greater Thailand doctrine of extending power to neighboring countries. Therefore, it is not accidental that the Beijing and Bangkok reactionaries are colluding to pursue a hostile policy against the PRK as well as the whole of Indochina -- Laos, Vietnam, and Cambodia. The ruling reactionaries in these two countries have shared the same views for a long time. The Beijing reactionaries once used the Pol Pot-Ieng Sary gang of murderers to exterminate as many as more than 3 million Cambodian people in 4 years. Condemned by the world's people and driven out by the Cambodian people in coordination with the assistance of Vietnamese volunteer troops, Pol Pot and Ieng Sary fled to China and their landless lackeys sought sanctuary in Thailand. Of late, after mustering some of their routed forces in Thai territory, they have returned to disturb the PRK by encamping at the so-called Phnum Malai base area. However, they have been suppressed from Ampil to At Tum Camps by the Cambodian armed forces and people with the cooperation of the Vietnamese volunteer troops. Again, the routed Pol Pot gang and other Cambodian reactionaries have fled to Thailand.

That is why China, fearing that the Thai ruling reactionaries would not dare to carry on the struggle, sent a top-level delegation to Thailand to boost



their morale. Even though Li Miannian's trip was branded as a Chinese-Thai friendship visit, it was in fact aimed at boosting the morale of the routed Pol Pot gang and other Cambodian reactionaries. By so doing, Thailand will be dragged to follow China more closely and will suffer greater damage.

Taking advantage of the occasion, Thai reactionary leaders, particularly Foreign Minister Sitthi Sawetsila, showed themselves to be faithful lackeys of Beijing, their boss, by indicating that there is no reason why Thailand will not assist the routed Pol Pot gang.

As a matter of fact, the Thai ruling reactionaries are still dreaming of an old history. In the 19th century Thailand took control of part of Burmese and Malaysian territories thanks to their cooperation with the British. They were in control of Seam Reap and Battambang Provinces of Cambodia due to their cooperation with France. They Seized Burma's Shan State and Malaysia's four northern states after carrying favor and reaching a compromise with Britain and Japan. Hoping that they can effectively utilize the same old experience, they have turned to collude with the Beijing reactionaries.

Would the Thai ruling reactionaries know that leaving their hope with the Chinese reactionaries is like leaving an egg with a crow? In addition to getting nothing from China, they will lose Thai territory to China for use as a sanctuary for feeding the routed Pol Pot gang. This will also drag the Thai nation into a disaster. The conscious people, particularly Thai student- and intellectuals, know well what will befall Thailand after the Thai ultra-rightist reactionaries have proved their loyalty to China by bringing Thailand to join Beijing's undeclared war against the PRK and by accepting an increasing number of Chinese military advisers to assume the training and command work in the Thai armed forces.

CSO: 4206/109



LAOS

SOUPHANOUVONG ATTENDS GAMES ON PARTY ANNIVERSARY

BK300511 Vientiane Doemstic Service in Lao 0000 GMT 25 Mar 85

[Text] On the occasion of the celebration of the 30th founding anniversary of the LPRP, in addition to the grand rally, various sports competitions were organized at the national stadium and other stadiums in Vientiane on 22 March. The sports included aerobatics, Lao boxing, soccer, volleyball, basketball, rattan ball, track-and-field events, and others. The sports competition, which proceeded in a pleasant and joyous atmosphere, was witnessed by a large crowd of Vietnamese residents.

Viewing the sports competition as guests of honor, together with the masses, on this occasion were Comrade Souphanouvong, member of the LPRP Central Committee Political Bureau, president of the republic, and chairman of the SPC and of the Lao Front for National Construction [LFNC] Central Committee; Comrade Phoun Sipaseut, member of the party Central Committee, vice chairman of the Council of Ministers, and minister of foreign affairs; Comrade Sali Vongkhamsao, secretary of the party Central Committee, vice chairman of the Council of Ministers, and chairman of the State Planning Committee; and Comrade Faidang Lobaliayao, vice chairman of the SPC and of the LFNC Central Committee; along with other party and state leaders.

On the evening of the same day, performances by amateur and professional art troupes, international-style boxing, singing and dancing, film, and other forms of entertainment were organized in other public places, for example on the That Louang Pagoda grounds in Saisettha district town and in other areas of the four districts in Vientiana Municipality as well as in various ministries, factories, and plants. All the shows continued in a joyous atmosphere of revolutionary enthusiasm and profound significance.

CSO: 4206/109

LAOS

SISAVAT KEOBOUNPHAN ATTENDS SCHOOL OPENING

BK021431 Vientiane Domestic Service in Lao 1400 GMT 30 Mar 85

[Excerpts] On the afternoon of 29 March, a ceremony was held in Vientiane to officially open the first polytechnic college in Laos, called 2 December Polytechnic College. Attending the ceremony were Sisavat Keobounphan, secretary of the party Central Committee and of the Vientiane municipal party committee, and interior minister; Phiang Sisoulat, deputy minister of education; foreign experts; UNESCO technical advisers assigned to the construction project of the college; and a large number of college professors and students.

Sisavat Keobounphan addressed the ceremony, pointing out the party's and state's concern over and support for education work in the new period of the revolution. He said in this context: Our country must have new socialist men with a high level of revolutionary qualifications and cultural, technical, and scientific knowledge.

He also instructed all the college professors and students to pay close attention to their teachings and studies so as to become knowledgeable persons deserving the title of being beloved children of the party and parents.

CSO: 4206/109

LAOS

# PRK PEOPLE'S DRY SEASON VICTORIES HAILED

BK061409 Vientiane Domestic Service in Lao 1400 GMT 3 Apr 85

[Unattributed "article": "Hail Great Victories of the PRK Army and People"]

[Text] According to foreign news reports, along with the great success achieved in the construction field, during the past dry season the Cambodian people have scored victories in wiping out the genocidal Pol Pot clique's forces and the forces of other reactionary Cambodian groups. During the period, major nests of the forces along the Cambodian-Thai border have been destroyed. A total of 10,000 soldiers were wiped out, and hundreds of others were captured while 15,000 guns of various types and hundreds of metric tons of ammunition and other military equipment were seized. These have been regarded as all-round victories of great significance, which have undeniably reflected the growth and strength of the PRK.

As everyone knows, over the past 6 years the shattered Pol Pot clique and other Cambodian reactionaries have been assisted by the ultrarightist reactionaries in the Thai ruling circles in collusion with the Beijing reactionaries in continuously carrying out activities to create disturbances and obstruct the revival of the Cambodian people. They have resorted to military, political, propaganda, and other means to fulfill their dark schemes in hope of overthrowing the administration set up by the Cambodian people and thus paving the way for the genocidal Pol Pot clique to return to power and so forth. The Cambodian people, however, uniting around the party and the KUFNCD, have persevered in the struggle to prevent the genocidal clique from returning to massacring Cambodians. The PRK people and Army, supported and assisted by the Vietnamese volunteer forces, have continually driven away and wiped out the shattered Pol Pot Forces and Cambodian reactionaries and have systematically won victories. In particular, during the past dry season they have scored great, all-round victories that have undeniably proven the spirit of resolute and undaunted struggle in the just cause of the PRK people and Army. They have also proven the gradual growth and strength of the PRK. They have resulted from the militant alliance between Vietnam and Cambodia as well as among the three Indochinese countries. They are considered victories won as a result of the strength of the entire Cambodian people, who have been determined to defend and lead the country to march forward along the selected path leading to a bright future.

These significant victories have made the entire world come to understand the daily growth and sufficient strength of the PRK to defend, build, and develop the country. They have also contributed to the overall strength of the struggle for peace in the three Indochinese countries as well as in Southeast Asia and the rest of the world.

These proud victories of the Cambodian people represent heavy defeats for the Beijing reactionaries in collusion with the Thai ultrarightist reactionaries and the Cambodian reactionaries -- their lackeys. But, they have not yet abandoned their evil schemes against the Cambodian people as well as the peoples of the three Indochinese countries. This has been clearly shown through the fact that they are still continuing to support and assist the genocidal Pol Pot clique and other Cambodian reactionaries, that the Thai ultrarightist reactionaries have continued to remain in some areas of the three Lao villages, and that the Beijing reactionaries have continued to conduct provocations along the northern border areas of Vietnam. Nevertheless, the more they have stubbornly refused to learn their painful lessons in the past, the more they have inevitably suffered heavier defeats.

The Lao people wholeheartedly hail the great, all-round victories of the PRK Army and people and are convinced that the fraternal Cambodian people will score new, still greater victories.

CSO: 4206/109

17 April 1985

LWS

## BRIEFS

SISOMPORN LOVANSAI RECEIVES SOVIET LECTURERS -- Vientiane, March 27 (KPL) -- Sisomphon Lovansai, Political Bureau member of the LPRP CC, vice-chairman of the People's Supreme Assembly, responsible for the organizational propaganda and training of the party CC, received here yesterday a Soviet lecturers group headed by A. Plokasin [name as received] to the Lao higher party school at the end of their mission here. During the warm and cordial reception, they discussed the regional situation and other questions of mutual interest. S. Lovansai wished the Soviet lecturers success in their new mission. [Text] [Vientiane KPL in English 0916 GMT 27 Mar 85]

SOUPHANOUVONG RECEIVES OUTGOING FRENCH ENVOY -- Vientiane, March 27 (EPL) -- Souphanouvong, president of the Lao PDR, and of the People's Supreme Assembly, receive here yesterday Jean Noel de Bouillane de Lacoste, French ambassador to Laos, at the end of his diplomatic mission here. During the reception, they discussed the regional situation and other issues of mutual interest. President Souphanouvong wished the French ambassador success in his new mission. Jean Noel de Bouillane de Lacoste was accredited to Laos on July 12, 1982. [Text] [Vientiane KPL in English 0911 GMT 27 Mar 85]

DELEGATION TO VIETNAM -- Vientiane, March 26 (KPL) -- A Lao delegation led by Lieutenant-Colonel Sinan Sai-Gnasen, deputy secretary of the party committee of Savannakhet Province, and Khampon, standing member of the party committee of Khammouane Province, left here on March 2 for Binh Tri Thien Province of the Socialist Republic of Vietnam. The delegation is to attend the forthcoming celebration of the 10th anniversary of the liberation of Hue and Ho Chi Minh Cities, which will be held there soon. [Text] [Vientiane KPL in English 0906 GMT 26 Mar 85 BK]

LABORATORY FOR VIENTIANE -- Vientiane, March 26 (KPL) -- A ceremony was held here on March 20 for the handing over of a modern laboratory built with the assistance of the Hanoi Public Health Service for the Vientiane Public Health Service. The laboratory is valued at over five million kip. Present at the ceremony were Dr. Sih Bannavong, deputy-mayor of Vientiane, Dr. Outtaki Chounlamani, head of the Vientiane Public Health Service, and representatives of the Hanoi Public Health Service. Dam Xuan Dung, economic and cultural counsellor of the Vietnamese Embassy here, was also present on the occasion. [Text] [Vientiane KPL in English 0904 GMT 26 Mar 85 BK]

27 April 1985

SOVIET RELIGIOUS DELEGATION ARRIVES -- Vientiane, March 25 (KPL) -- A delegation of the Religious Council of the USSR led by its chairman M. Konstantin Makhailovitch [name as received] arrived here on March 23 on a friendly visit. Welcoming the delegation at Wattai airport were Ounheuan Phounsavat, vice-chairman of the mass-mobilizing committee of the party, and other officials. D. Khalioulline, counselor of the USSR Embassy here, was also present at the airport to welcome the delegation. [Text] [Vientiane KPL in English 0920 GMT 25 Mar 85 BK]

RELIGIOUS DISCUSSION WITH SOVIETS -- Vientiane, March 26 (KPL) -- A delegation of the Lao Front for National Construction, led by Boualang Boualapha, member of the LPRP CC, vice-chairman of the front, and head of the mass mobilizing committee of the party CC, conferred here yesterday with a delegation of the Religious Council of the USSR led by its chairman Konstantin Makhailovitch on a current visit to Laos. The two sides exchanged views and information on religious work in their respective countries. Soviet Ambassador V. Sobchenko was also present on the occasion. [Text] [Vientiane KPL in English 0902 GMT 26 Mar 85 BK]

SOUPHANOUVONG RECEIVED USSR RELIGIOUS DELEGATION -- Vientiane, March 28 (KPL) -- Souphanouvong, president of the Lao PDR, and the People's Supreme Assembly, received here yesterday a delegation of the Religious Council of the Soviet Union led by its chairman Konstantin Mikhaylovich on a recent visit here. During the warm and cordial reception, they informed each other of the religious policies of their respective countries and exchanged experiences in this field. President Souphanouvong asked the delegation to convey his best wishes to the multi-ethnic people of the Soviet Union and expressed his hope for further development of the friendship and all-round cooperation between Laos and the USSR. [Text] [Vientiane KPL in English 0905 GMT 28 Mar 85]

LEADERS RECEIVE OUTGOING BRITISH AMBASSADOR -- Vientiane, March 29 (KPL) -- President Souphanouvong received here yesterday afternoon M.W. Bernard J. Dobbs, British ambassador to Laos, who is ending his five-year mission here. In the morning of the same day, the British ambassador had been received by Phoun Sipaseut, vice-chairman of the Council of Ministers, minister for foreign affairs. During these warm and cordial talks Souphanouvong and Phoun Sipaseut congratulated Ambassador M.W. Bernard J. Dobbs on his achievements during his mission here and wished him success in his future work. [Text] [Vientiane KPL in English 0904 GMT 29 Mar 85]

PRESIDENTIAL OFFICE MARKS PARTY ANNIVERSARY -- Vientiane, April 1 (KPL) -- Meeting to mark the 30th anniversary of the LPRP (March 22) was organized here on March 30 by the Presidential Office and the PSA. The meeting was honoured with the presence of Souphanouvong, Political Bureau member of the LPRP CC, president of the republic and the PSA. On this occasion, Souvannalat Sai-gnavong, member of the Standing Committee of the PSA, gave a report on the heroic tradition and great triumph of the Lao revolution under the leadership of the LPRP during the past 30 years. He urged the delegates at the meeting as well as all party members and the entire Lao people to unite more closely together in their common efforts for greater achievements in national safeguarding and socialist construction in Laos. [Text] [Vientiane KPL in English 0859 GMT 1 Apr 85]



MALAYSIA

ENCOURAGEMENT FOR FOREIGN INVESTMENT EXAMINED

Kuala Lumpur BUSINESS TIMES in English 27 Feb 85 p 1

[Article by Ahmad A. Talib]

[Text]

INTENDING foreign investors may be allowed more than 51 per cent equity under new guidelines being studied by the government. Essentially, the foreign partners in joint ventures costing at least \$50 million may be permitted to have controlling interest.

New investors bringing in high technology, and export-oriented manufactures which utilize a significant amount of local materials can also hold the controlling interest. However, these criteria will only be announced when all details have been clearly defined, probably in two months' time.

An indication of the criteria was given by Deputy Trade and Industry Minister Haji Muhyiddin Yassin when he spoke to newsmen after opening a seminar on *Investment Climate in Malaysia in the Second Half of the 80s* in Kuala Lumpur yesterday. The two-day seminar was organised by the Mara Institute of Technology's School of

Accountancy.

He said: "The developing countries, especially those in this region, are competing for foreign investment. Like us, they have also provided incentives to attract investors. While we have been getting our share of investment, we feel we must maintain our edge in the face of growing competition."

"The \$50 million figure I mentioned is not final. It is a figure which the Ministry is thinking of as a possible guide. We have said in the past that our investment policies are practical and pragmatic, and we are prepared to demonstrate to investors that we mean what we say."

But Haji Muhyiddin was quick to point out that the criteria aside, the government would continue to stick to basic regulations spelt out in the Industrial Coordination Act and the requirements of the New Economic Policy. He made it clear that the criteria

would only affect new investment, and not those which have already commenced operations in the country.

Consideration would also be given to new investors who put significant emphasis on research and development.

While foreign partners would be given a controlling equity stake, the government would monitor other aspects of investment, especially that affecting Bumiputera employment at every level besides the employment of citizens. The government would also pay close attention to technology in these new enterprises.

Haji Muhyiddin cleared certain "misinterpretations" among existing foreign investors that they would also be given controlling interest in their joint undertakings. He stressed that existing investors were still required to fulfil their statutory obligations under the various legislations governing foreign investment.

The government was concerned that "misinterpretations" could dampen attempts by some investors to restructure their entities. Reminding them that the deadline for them to comply with the NEP requirements was getting nearer, Haji Muhyiddin remarked that the relevant companies should take heed of the government's repeated plea to speed up restructuring.

His Ministry would soon be calling companies which have yet to restructure for "one-to-one" meetings to go over their individual proposals, and if possible, to help them obtain the right Bumiputera partners.

He said: "This is something like a mini-CIC exercise. We want to impress upon these investors that having a Bumiputera partner should not be looked upon as a liability. There are capable Bumiputeras around, those with the money and commitment to their business cause."

CSO: 4200/744

MALAYSIA

FINANCE MINISTER LISTS PRIORITY PROJECTS

Kuala Lumpur NEW STRAITS TIMES in English 25 Feb 85 p 1

[Article by Manan Osman]

[Text]

KUALA TERENG-  
GANU, Sun. — The  
Federal Government  
will give priority to  
the development of in-  
frastructure under the  
Fifth Malaysia Plan  
(FMP). Finance  
Minister Daim Zain-  
uddin said here today.

"The supply of water  
and electricity and the  
building of rural roads  
are among the pro-  
jects which must be  
given priority," he  
said.

He said priority  
would also be given to  
the construction of  
houses, particularly  
low-cost units.

Speaking to report-  
ers after a meeting  
with departmental  
heads at Wisma Darul  
Iman, Encik Daim  
said the Economic  
Planning Unit in the  
Prime Minister's De-  
partment was now stu-  
dying the require-  
ments of every State.

He said most of the

infrastructure pro-  
jects were financed ei-  
ther by the Asian De-  
velopment Bank  
(ADB) or World Bank.

The Government  
borrows between \$400  
and \$500 million from  
the ADB annually to fi-  
nance its projects and  
about \$200 million  
from the World Bank.

"This year the  
World Bank has of-  
fered to lend US\$200  
million (about M1500

million) to the Malay-  
sian Government.

"We have agreed in  
principle to accept the  
offer and are currently  
studying which State  
should be given the loan  
to implement its pro-  
jects," Encik Daim said.

On the meeting, he said  
Menteri Besar Datuk  
Haji Wan Mokhtar Ah-  
mad had briefed him on  
the various projects pro-  
posed for development  
under the FMP.

He said at least three  
Fourth Malaysia Plan  
projects had to be carried  
over to the FMP for im-  
plementation.

Also present at the  
meeting was State Secre-  
tary Datuk Setia Wangsa  
Abdul Rahman Nasir.



MALAYSIA

GENERAL ELECTION IN AUGUST POSSIBLE

Penang THE STAR in English 25 Feb 85 p 2

[Article by Kalimullah Hassan]

[Text]

KUALA LUMPUR, Sun. — The general election may be held before April next year but indications are that it may even be held as early as August.

Prime Minister Datuk Seri Dr Mahathir Mohamad was reported to have said in Sabah last week that he preferred the general election to be simultaneous with the State elections of Sabah and Sarawak in April next year.

In the past, Sabah and Sarawak normally had their State elections on different dates.

However, political observers feel that several factors indicate the elections could be held as early as August this year.

One of the factors cited was the parliamentary delimitation exercise which resulted in 18 new constituencies.

They said with the delimitation, there were several problems including duplication of representation by some elected representatives.

They cited the Johore Baru parliamentary constituency as an example. The constituency is now broken into two constituencies — Tebrau and Johore Baru. Certain parts of the original constituency also come under the Senai constituency.

"Therefore, technically Tebrau is unrepresented although the current MP can still perform his previous functions. Similarly, the assemblyman or MP for Senai

will have an added area to represent resulting in duplication. There is some confusion over this," they said.

The political climate now is also right for an August election.

The MCA crisis, the Bukit Chin and Papan issues have all been resolved amicably.

"In the case of BIMP, the actions initiated by the Government and Bank Bumiputra show the Government intends to bring the culprits to book. This has somewhat reassured the public," they said.

In Sabah, the Berjaya Government is still in a very strong position and the Prime Minister's endorsement of the Sabah Government during his visit there last week have put an end to rumours that the State Government did not enjoy the confidence of the Federal Government.

In Sarawak, the political crisis resulting from the differences between Chief Minister Datuk Patinggi Taib Mahmud and Yang Di-Pertuan Negeri Tun Datuk Patinggi Abdul Rahman Yaakob are expected to be diffused when Tun Rahman's term expires in April. His term is not expected to be renewed.

Other factors cited were the directive by Dr Mahathir to all Umno branches to have their branch meetings by end of March. The divisions will hold their meetings and elections soon after.

An Umno official said that in most of the States, the respective State liaison committees had directed that the division elections be held by the end of April or early May although the Umno general assembly was scheduled for October.

Normally, candidates for the general election are chosen from among the top division members.

Dr Mahathir's visits to Malacca and Sabah are also viewed as a preparatory step for the general election. He is also scheduled to go to Kedah within the next week or two.

A December general election has been discounted as improbable.

The observers cited reasons such as the monsoon period and the STPM and SPM examinations.

"Schools are used as polling centres and with the examinations on, this will not be possible. Furthermore, the monsoons and resulting floods in the East Coast and Johore will result in a poor turnout of voters," they said.

Although there is speculation that the general election will not be held before the Umno general assembly, several Umno officials said there was no such regulation in the Umno constitution.

"There would be some consideration for this if the assembly were to elect office-bearers but there is no election this year," they said.

The Umno assembly will elect office-bearers again only in 1987.

Meanwhile, the Elections Commission has also fuelled speculations of an early election.

Commission secretary Haji Abdul Rashid Abdul Rahman said today that electoral rolls had already been sent out to all States for the re-registration exercise, scheduled to be completed by the end of April.

Haji Abdul Rashid said the revised electoral rolls could be ready in a very short time after this.

He said he had no knowledge of when the elections would be held but added, "We do not want to be caught by surprise if there is an early election. So we must be prepared from now."

Although Haji Rashid said the sending out of the rolls to the various States was not an indicator of an early election, he added that in the past, the practise was to send out electoral rolls a year before Parliament and the State Assemblies were to be dissolved after a full term.

Except for Sabah, where the legislative assembly's term expires in April next year, and Sarawak, which had its state elections in December 1983, the terms of all other States legislative bodies expire in April 1987. Parliament is also due to be dissolved in April 1987.

At the moment, the only person who knows when the general election will be held is Dr Mahathir. And he is not talking.

# MALAYSIA

## PALM OIL BIGGEST '84 EXPORT EARNER

Kuala Lumpur BUSINESS TIMES in English 27 Feb 85 pp 1, 22

[Article by Hardev Kaur]

### [Text]

PALM oil pipped petroleum to become the country's single most important export earner last year, earning \$6.1 billion against \$5.08 billion by petroleum.

However, if net earnings of petroleum and gas were taken together, palm oil drops into second place. Net earnings by petroleum and gas last year was \$8.28 billion, up from \$5.36 billion in 1983.

Petroleum has been the country's largest foreign exchange earner since taking over from natural rubber in 1980.

Primary Industries Minister Datuk Leong Khee Seong said in 1983 palm oil was second to petroleum with export earnings of \$3.67 billion, against \$4.36 billion for petroleum.

Releasing the ministry's *Profile of the primary commodities sector in Malaysia*, Datuk Leong said Malaysia accounted for more than 60 per cent of the world's production of palm oil and more than 80 per cent of world trade in palm oil.

The annual publication — the third by the ministry — is aimed at providing the latest information on the primary commodities sector, on its various facets and development.

The share of palm oil in

the overall world market of oils and fats increased from two per cent in 1960 to 17 per cent last year. Meanwhile, palm oil production of about 3.71 million tonnes last year exceeded the previous peak production of 3.51 million tonnes achieved in 1982.

Datuk Leong forecast crude palm oil production this year to be in the region of 4.3 million tonnes, assuming favourable weather conditions, rising to 6.5 million tonnes in 1990, based on the current growth trend, and to about 11 million tonnes by the year 2000.

Meanwhile, the primary commodities sector continued to make significant impact on the country's economic development. Last year, excluding petroleum and gas, it contributed about 20 per cent of the Gross National Product (GNP) and about 42 per cent of total export earnings in addition to providing employment opportunities.

In absolute figures, export earnings from the sector was estimated at \$15.8 billion, higher than the previous year's total of \$13.92 billion. Datuk Leong said the better performance was due to higher export volume for most of the major commodities as well as improved commodity prices, particularly for palm oil, cocoa and pepper.

Datuk Leong said efforts to improve the competitiveness and resilience of primary commodities on facing structural changes and challenges in the future would be intensified. A multi-pronged approach would be pursued.

Bilateral approaches to commodity issues and trade will also be pursued to complement other efforts to enhance the interests of the primary commodities sector in the years ahead. Prospects for Malaysian primary commodities this year and the near future are "fairly promising".

On the performance of individual commodities, Datuk Leong said natural rubber continued to play a central position. It accounted for about 45 per cent of total agricultural land use in Malaysia and one third of agricultural labour force despite its relatively low contribution to total export earnings, which declined from 10 per cent in 1983 to 9.7 per cent last year.

He added that the rubber industry was going through a long period of consolidation and modernisation. Despite the rapid progress made in the sector, further efforts were needed to

strengthen its competitiveness and resilience, particularly in the small holders sector.

Cocoa emerged as the third most important agricultural crop in the country and based on the current pace of cocoa development, Datuk Leong envisaged Malaysia would emerge as one of the three leading cocoa producers in the world by the end of the century.

As for the forestry and timber sector, he said it continued to be a leading export earner in the primary commodities sector accounting for about 10.4 per cent of the country's total export earnings last year.

Tin remained the single largest non-petroleum mineral in the country despite undergoing severe export control measures in recent years. Malaysia was able to maintain its 23 per cent share of total world output last year. World production last year dropped by 2.3 per cent to 186,000 tonnes due to imposition of export control but world consumption increased by 2.6 per cent to 184,000.

A resurgence in world tin consumption will continue for the next two years and is projected to be in the region of 170,000 tonnes as from 1986.

MALAYSIA

COMMENTARY ON SRV 'COLONIAL RULE'

BK031130 Kuala Lumpur International Service in English 1800 (ZTT 3 Apr 85

[Text] While the attention of the world media has been turned on the Vietnamese aggression on the Thai-Kampuchean border, there is another country which is being slowly crushed by Vietnam. The People's Democratic Republic of Laos as it is known officially is in reality a satellite of Vietnam. It has become a victim of the typical imperialistic policy followed by Vietnam.

During the Vietnam conflict, the Viet Cong used Laotian territory freely to transport arms and men to the war front in the south. Exactly 10 years ago, Laos became fully communist when communist troops aided by the Vietnamese managed to crush the pro-government forces. Ever since December 1975, Vietnam has tightened its hold on Laos which is by any standard weak and poverty-stricken as well as being a land-locked nation. Vietnam has exploited the situation without any scruples. The treaty of friendship and cooperation that was signed by the two countries has enabled the Vietnamese to impose their presence in Laos in many fields, but there is no doubt that it is Vietnamese interests that have been taken fully into account. The treaty makes frequent references to defense cooperation, but in reality it legitimizes the use of Laotian territory by the Vietnamese armed forces. Laos is, in short, as much a Vietnamese-occupied territory as is Kampuchea today.

In January of this year, the Thai Foreign Ministry released a white paper setting out ample facts and figures which prove beyond reasonable doubt that Laos is being Vietnamized by the Hanoi rulers. The Vietnamese, under the guise of advisers or technical experts, are reported to have infiltrated every public agency. The Vietnamese are the ones who take control and give orders. They have managed to turn Laos into an authoritarian state with policies of austerity, to quote a well-known reference book. It is hardly surprising just as many thousands of Kampucheans have sought refuge in Thai territory, so also no less than 286,000 Laotians were estimated to have fled to Thailand between December 1975 and November 1984.

Vietnam is using Laos in a manner that reminds anyone of the Israeli occupation of the West Bank territory, namely to resettle its own citizens.

Large numbers of ethnic Vietnamese are being moved into Laos and provided with land for cultivation. Apparently, the Vietnamese enjoy special privileges which are denied to Laotians. Only pro-Vietnamese Laotian government servants are granted promotion and treated with some consideration. Sheer frustration and the bleak economic situation have led to an exodus of people out of Laos into Thailand. As the intellectuals and professionals leave, it is easier for Vietnam to bring in its own people to replace them. It is a dreadful thought that the indigenous characteristics of Laos may be completely obliterated by the Vietnamese exploitation. It is significant that the border agreement delineating the Vietnam-Laos border has not been made public. Vietnam is practicing a form of colonial rule which it professes to despise in others.

CSO: 4200/746

27 April 1985

## NEW ZEALAND

## UNION'S 'CONCERN' OVER GOVERNMENT POLICIES AIRED

Wellington THE EVENING POST in English 19 Feb 85 p 4

[Text]

Many of the Government's statements at the time of the Economic Summit Conference and some pre-election promises were "mere platitudes," the president of the New Zealand Woollen Mills Union, Mr F R Jackson, says.

Mr Jackson told the union's annual conference at Lower Hutt yesterday that the euphoria of workers shown at the election of a Labour Government had quickly disappeared "in the face of stark reality."

Promised government innovations following the summit conference had failed to materialise.

Mr Jackson said in negotiations for recent awards the New Zealand Woollen Mills Union had been taken aback by some of the Government's edicts and attitudes.

The union is dissatisfied with the 6.5 percent increase on basic pay rates offered. Mr Jackson said some of the most ardent Labour supporters must be having "a few twinges of anxiety."

Mr Jackson said introducing a string of new measures to supposedly streamline the economy and bring it into line with the rest of the world would do little to compensate those who had suffered three years of frozen wages.

## Cheapness

He said the "cheapness" of New Zealand wage rates was con-

veniently overlooked. "If the so-called modernisation of the economy simply means increased prosperity for those at the top of the heap and increased poverty for those at the bottom then some serious rethinking is called for."

Mr Jackson said on a salary scale of one to 10 NZWMU workers would be about three. When it was considered that the textile industry as a whole was high on the list of earners of overseas exchange there was no valid reason why such skills should be poorly paid.

## Relatively

Mr Jackson said the industry was relatively poorly paid because in the past it had accepted what the employer offered.

"If that kind of subservient attitude is to prevail our employers will have little fear in competition from cheap labour countries because we will be one of them."

## Economic

NZWMU's national secretary Mr Paddy O'Flanagan, said in his address that the lurch to the right in Labour's economic policy in recent months had caused a great deal of concern.

He said the union must use the fact that it was affiliated to the party to push for a change in economic direction and must provide as much support as possible for caucus members who had the same economic view.

NEW ZEALAND

SYDNEY SERIES ANALYZES LANGE'S ECONOMIC 'REVOLUTION'

'Lange, Free Marketeer'

Sydney THE SYDNEY MORNING HERALD in English 19 Feb 85 p 1

[Article by Ross Gittins, HERALD economics editor: "Not Its Lange, Free Marketeer"]

[Text]

All the fuss across the Tasman about ANZUS and the ban on nuclear-powered ships has hidden from the outsider's view a development there which may have more lasting significance: the Lange Government is turning New Zealand's economic policies on their head.

The Labour Government, whose policies on defence and foreign affairs make it seem left-wing in the eyes of foreigners, is well advanced with a sweeping and daring experiment in free market economics which would make Australia's Liberal Party Dries green with envy.

Mr Lange's quite revolution is proceeding on many fronts: financial deregulation, freeing the exchange rate, restructuring the tax system, dismantling the import licensing system which protects manufacturers, big cuts in farm subsidies and export incentives, and a sharp tightening in budgetary and monetary policy.

News has filtered across the Tasman of all of the many economic measures the Lange Government has taken or foreshadowed in the seven short months since it was elected.

But to appreciate the policy revolution they add up to, I had to visit Wellington last week and talk to the gung-ho ministers, the still-amazed bureaucrats, the rapturous businessmen and the silently disapproving trade unionists.

In seven months the Lange Government has almost caught up with Paul Keating on financial deregulation. It has devalued the NZ dollar by 20 per cent, de-controlled interest rates, abolished foreign exchange controls and abandoned the requirement for financial institutions to hold Government bonds.

It will soon float the NZ dollar and then think about admitting foreign banks.

In seven months the Lange Government is further advanced towards tax reform than the Hawke Government. It has already announced a 45 per cent tax on fringe benefits and made in-principle decisions to introduce a value-added tax and restructure the income-tax scale and welfare benefits on April 1, 1986.

In September it will announce its plans to alter the taxation of companies.

On protection of manufacturers, rural subsidies, export incen-

tives and the pricing policies of Government energy authorities, the Lange Government is moving faster than the Hawke Government — and without searching for consensus.

In his Budget last November, the Finance Minister, Mr Roger Douglas, announced spending cuts and tax increases which would slash the Budget deficit over the next two years. He has already pushed interest rates above 18 per cent in his efforts to control the growth of the money supply.

Mr Douglas, a former businessman, makes no bones about the goal of the new economic strategy. It is to reduce Government intervention in the economy, increase incentives to work, save and invest, and allow demand and supply to work through changing prices to produce more efficient allocation of resources.

Labour's rank and file is bemused by this free-market rhetoric and many trade union leaders are privately appalled. But no-one on the Left wants to publicly criticise a Labour Government whose policies on the nuclear issue and the Springbok tour are so welcome.



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27 April 1985

## 'Facing Up To Reality'

Sydney THE SYDNEY MORNING HERALD in English 19 Feb 85 p 11

[First in a series of three articles by Ross Gittins, Herald economics editor, tagged "Lange's Quiet Revolution"--"Radical Answers to a Decade of Decline"]

[Text]

**F**OR YEARS I resisted the temptation to go over and look at the New Zealand economy for the same reason I discourage my kid from running down the street to see a car accident: when people are battered and bleeding it's bad manners to stare.

The tiny New Zealand economy is like a bathtub adrift on the Pacific, rapidly sinking under the waves. Who would enjoy chronicling its demise?

But with the change of government in New Zealand the assignment became a more positive one: can Lange succeed in getting the plug back into the bath?

So last week I went to Wellington to find out. And, frankly, what I discovered amazed me.

The Kiwis have at long last faced up to reality. They now need no outsiders — not Aussie journalists, not the OECD, not the IMF — to convince them of what a mess they have made of things and what dire straits they are in.

What the Muldoon Government long sought to deny has become the accepted wisdom under the new Labour Government. After the change last July, David Lange and his ministers "opened the books" and held an economic summit conference to ensure that everyone got the message.

Shifting the blame back on to your predecessors is easy, of course. The hard part is summoning up the courage to make the radical changes your predecessors were never game enough to attempt.

It wouldn't have surprised me to find that the new Government was proceeding cautiously, debating the direction of change, setting up inquiries and calling for reports.

What amazed me was the discovery that the Lange Government already has a very clear idea of the economic reforms it considers necessary. Those changes are sweeping and very "right wing".

And they are being implemented at

breakneck pace. Many have already been started and more will come this year.

Steps have been taken to deregulate the financial system, phase out manufacturers' protection and export incentives, slash farm subsidies and significantly raise the price of government services such as power.

The Government has already announced measures which will slice into the Budget deficit and it has pushed interest rates above 18 per cent in its efforts to sell sufficient government bonds to cover the deficit and get the growth of the money supply under control.

It has already announced a supplementary tax on better-off pensioners and a 45 per cent tax on employers who provide fringe benefits.

Next month it will publish a white paper on the value-added tax which is to begin in April next year, accompanied by a restructuring of the income-tax scale and welfare benefits. In September it will announce its plans to reform company tax.

Further down the track are plans to reorganise the union movement and make wage-fixing more flexible.

It adds up to an economic revolution in which the Government is greatly curtailing its intervention in the marketplace so that demand and supply can reshape the economy and restore its health.

It is a quiet revolution which has gone largely unnoticed by foreigners and, so far at least, largely unopposed by New Zealanders.

But first things first. Before we examine the revolution in detail, and assess its chance of success, we need to know more about the mess New Zealand is in — a mess so bad that the new Government, a Labour one at that, is prepared to act so radically and so quickly and is meeting so little opposition.

Before Lange's revolution, the official version of the nation's economic decline was about how poor little New Zealand, through no fault

of its own, became The Unlucky Country.

New Zealand hit hard times because the country to which it sold the great bulk of its agricultural exports, Britain, joined the European Economic Community.

New Zealand, a highly efficient agricultural producer, became the victim of rampant agricultural protectionism practised not only by the EEC, but also by Japan and even the United States.

Then came the two OPEC oil shocks of 1973 and 1979 which knocked New Zealand, a heavy importer of oil, for six. Add to that the two international recessions precipitated by the oil shocks, which have kept world commodity prices in the doldrums for most of the past decade.

The story is told in the index of New Zealand's terms of trade — that is, the ratio of export prices to import prices.

Sir Robert Muldoon was fond of remarking that the decline in the terms of trade which began in the early 1970s had lasted longer than that during the Great Depression.

It took eight years for the terms of trade to rise above 100 after the Depression, but the present decline has continued for 10. The index is still in the mid-70s and is unlikely to recover much in the foreseeable future.

There is much truth in the Muldoon version of events. The deterioration in New Zealand's terms of trade are a major element in its sorry story.

But it is possible to exaggerate the significance of Britain's entry to the EEC since the New Zealanders fought a most successful rearguard action and received significant concessions from the EEC on continued access.

And other countries, most notably Japan, suffered a similar or worse

decline in their terms of trade during the 1970s but adapted to their misfortune much more successfully.

That is the basic explanation for New Zealand's decade of decline under Muldoon: a completely inappropriate response to the deterioration in the terms of trade.

But for the full story we have to go back even earlier. The seeds of New Zealand's decline were laid in 1938 when it began building a manufacturing sector to replace imports, under the cover of the most extreme form of protection available, import licensing.

**I**MPORT licensing reserves virtually the whole of the domestic market for local manufacturers. Australia went down the same path, of course, but at least we had the sense to abandon import licences in 1970 and replace them with high tariffs.

The background documents presented to Mr Lange's summit conference emphasised that the rot had set in long before the international disruption of the 70s.

While New Zealand's record of growth during the 1960s was better than it has been since, its growth at that time was among the lowest in the world — significantly less than both the industrial countries and the developing countries.

On the world league table of income per head, New Zealand has fallen from third highest in 1953 to 16th place in 1982.

But this decline in relative living standards was most dramatic between the mid-1950s and late 1960s, when New Zealand slipped 10 places from third richest country to 13th.

The significant thing is that New Zealand's slow growth in the past two decades has *not* been associated with a reduction in business investment. Thus the amount of additional production produced from a given volume of investment has fallen by more than half.

Output per worker is now virtually the same as it was 10 years ago.

Why has there been no growth in productivity? Because of a deterioration in the efficiency with which resources have been used.

And you would have to put most of this down to inappropriate government intervention in general and inordinately high protection of man-

ufacturing in particular.

But back to Piggy. Sir Robert's mistake (like the short-lived Kirk Labour Government before him) was to resist painful adjustment to the decline in the terms of trade.

He hung on to the status quo, hoping that New Zealand's luck would change.

The textbook solution to a deterioration in the balance of payments caused by a decline in the terms of trade is to devalue the currency.

Sir Robert viewed the exchange rate as an index of national manliness and devaluation as an admission of policy failure.

He was forced to devalue several times during his nine-year reign, but always it was too small and too late and its beneficial effects were lost when wage-earners won compensation for the increased price of imports.

So the New Zealand dollar has been overvalued for most of the past decade and the country has run a balance of payments deficit (not just a current account deficit such as Australia runs) every year for 10 years.

When foreign capital inflow is insufficient to cover the deficit on trade in goods and services a government must borrow overseas to make up the shortfall and keep the country's reserve of foreign exchange at a satisfactory level.

Which is just what Sir Robert did — repeatedly. By September last year New Zealand's total external debt stood at about \$NZ 21 billion, just over 50 per cent of GDP. Only about \$4 billion of this was debt incurred by the private sector.

Upon the admission of Mr Muldoon's successor as Minister of Finance, Mr Roger Douglas, this is a borrowing program of "Latin American proportions". On the way, New Zealand suffered the indignity of having its credit rating cut from triple A to double A.

**F**OR 10 years New Zealand has been living beyond its means, using an ever-growing foreign debt to maintain a national standard of living higher than the value of its exports and the cost of its imports could support.

Government borrowing has to be paid for, of course. The proportion of New Zealand's Budget devoted to

servicing the public debt has risen from 8.7 per cent in 1971 to 17 per cent in 1984-85.

Exporters suffer when a country's exchange rate is overvalued. Farmers get a lower return in the domestic currency and manufacturers find it hard to export because their prices are uncompetitive.

So to prop up his overvalued dollar politically, Mr Muldoon squared the farmers away with subsidies ("supplementary minimum payments") and the manufacturers with generous export incentives.

Put these Budget subsidies together with the burgeoning public debt interest bill and it's no surprise that the Muldoon Government had problems with the Budget deficit.

The Budget deficit grew as a percentage of the GDP from 3.6 per cent in 1976-77 to almost 9 per cent in 1983-84. It waxed and waned over that period, but always it was well above Australia's, which hit 4.3 per cent of GDP last financial year and should drop to about 3.3 per cent this year.

There was more to the Budget deficit problem than just supporting the overvalued currency, of course.

Every government's management of budgetary and monetary policy is adversely affected by the political cycle, but Sir Robert alternated between the accelerator and the brake in the most remarkably blatant way.

Then, in his latter years, he hit on the idea of using a wage and price freeze to control inflation. He kept extending the freeze until it ran for over two years.

While the freeze was on it held surprisingly well, but only because he sacrificed every other economic objective to its success.

The dollar could not be devalued because this would raise the price of imports; the Budget deficit had to grow by \$NZ 1 billion because a big tax cut was needed to mollify wage earners; the money supply had to blow out because the necessary level of Government borrowing would have forced up interest rates, which he was holding at quite artificially low levels.

During his term Sir Robert attempted to defy the law of economic gravity — on the exchange rate, prices, wages and interest rates. He tried desperately to keep New Zealand the way it had always been and he failed abysmally.

It was, in Mr Douglas's phrase, "10 years of economic nonsense". Ten



27 April 1985

years of attempting to suppress the symptoms of economic malady while, under the surface, the disease got worse.

Little wonder the electorate turned to the alternative Government and that that Government has been emboldened to embark on radically different economic policies designed to change significantly the structure of the New Zealand economy.

### 'Opposite of Socialistic'

Sydney THE SYDNEY MORNING HERALD in English 20 Feb 85 p 11

[Second of three articles: "Economy Turns in the Right Direction"]

[Text]

**T**HE LANGE Government is a deceptive animal. While its foreign policy causes patriotic American newspaper editors to brand it as a bunch of "socialist bums on the Socialist International road to folly", its economic policy has won the approval of no less exacting a critic than John Stone.

The dramatic aboutface on economic policy which it has begun in New Zealand is the very opposite of socialistic. That charge applies much more appropriately to the now abandoned economic policies of Sir Robert Muldoon, the staunch defender of the American alliance.

The Lange Government is rapidly dismantling all the government regulations, licensing, subsidies and other interventions which the Muldoon Government preserved and multiplied in its futile attempt to impose its will on the market.

The new Government is deregulating the financial markets, freeing the exchange rate, reforming the tax system to lower high marginal tax rates, phasing out import licensing and export incentives for manufacturers, slashing explicit and implicit rural subsidies, making wage-fixing more flexible, raising the price of electricity and coal to the cost of supply, and severely tightening budgetary and monetary policy.

It is doing all this with the goal of freeing markets so that the forces of demand and supply, reflected in changing relative prices, can redirect resources to more efficient uses.

Frinstance? The rural subsidies known as supplementary minimum payments were going to mutton producers to compensate them for the low international price of mutton.

That low price should have been a signal to farmers to turn to some more profitable line. But the subsidy encouraged them to continue and even increase the production of mutton.

So the price mechanism was distorted, resources were misallocated and New Zealand's rate of economic growth suffered.

Lange's revolution may be quiet, but it is proceeding at breakneck pace. His Government is in a hurry, as was explained in the Budget speech last November: "We have now reached the point where gradual change will only compound our problems. The economic summit conference recognised that more rapid change was essential."

An example of this haste is the phasing out of import licensing. One of the few useful things the Muldoon Government did before it left office was to agree with the Manufacturers' Federation on a program for liberalising the global import licences.

In the first year, licences equivalent to 5 per cent of the domestic market were to be issued. In each subsequent year the importers' share would rise by 2.5 per cent of the market.

Soon after it came to power, Labour persuaded the manufacturers to accept a doubling of this program. The program has begun and it will have reduced the level of protection significantly within about three years.

As Prime Minister, the revolution is proceeding under David Lange's patronage, but it is being led by the Minister of Finance, Mr Roger Douglas.

Mr Douglas is backed by two bright associate finance ministers, Mr David

Caygill (the Minister of Trade and Industry) and Mr Richard Prebble (Transport).

The other key ministers are Mr Mike Moore (Overseas Trade) and the Deputy Prime Minister, Mr Geoffrey Palmer.

These are the Lange Gang. Most of them backed Mr Lange in his two attempts to unseat the previous Labour leader, Sir Wallace Rowling. Their position within the Labour Caucus is strong.

They are the Labour Party's representatives of the younger, better-educated, more-travelled, more-adventurous generation which is taking over the leadership of New Zealand's economic institutions – with the notable exceptions of company boards and the trade unions.

Mr Douglas is an unusual bloke, a successful businessman who somehow wound up in the Labour Party. In 1980 he wrote a book outlining his program for economic reform.

His critics accuse him of being under the influence of Treasury, but the truth is that he is simply moving through the chapters of his book. The bureaucrats are smoothing some of the rough edges off his program – and, indeed, urging him to proceed with greater caution.

Just how "right wing" the Lange Government is can be seen from its policy of working towards a more flexible wage-fixing system – that is, a system in which wage rates in more efficient industries grow at a faster rate than those in inefficient industries.

**I**T HAS already changed the Arbitration Act in an attempt to break down the preservation of wage relativities. It eschews centralised wage-fixing and incomes policies, which it associates with the failed and dictatorial methods of Muldoonery. It believes that the Government should stay on the sidelines.

Revolutions don't just happen, of course. They occur after a climate favourable to change has built up.

Unknowningly, Sir Robert Muldoon did much to create that climate. The extreme use he made of regulation, in particular the two-year freeze on prices and wages and the attempt to hold down interest rates, brought Government intervention into bad odour. He made a less regulated economy look very attractive.

In terms of economic policy he moved to the Left, forsaking the free-enterprise values to which the Nationals had always paid lip-service.

Rather than share its traditional interventionist position with the Government, the Labour Opposition move to fill the vacuum

on the Right. On domestic policy questions, Piggy brought about a role-reversal.

The past three or four years have seen a fundamental shift in the attitudes of New Zealand's manufacturers, particularly the big companies and the subsidiaries of multinationals, towards protection.

In that time the Manufacturers' Federation has moved from arch protectionism to an acceptance that lower protection is inevitable and shouldn't be resisted. Its strategy is now to co-operate in the hope of influencing the form and pace of change.

**T**HE national soul-searching which preceded the signing in 1983 of New Zealand's free-trade agreement with Australia, Closer Economic Relations, played a central part in this change of attitude.

CER was a seductive offer: in return for a progressive reduction in protection against Australian imports, New Zealand manufacturers were offered free access to a market which was five times bigger than their own and where the local manufacturers were not much less inefficient than themselves.

CER turned out to be a psychological Trojan horse for reductions in New Zealand's level of protection against imports from third countries. As well, the New Zealanders are under pressure from the United States to conform to the GATT's trading rules.

As for the farmers, they had long argued that the subsidies they received were only necessary to compensate for the excessive protection and export incentives provided to manufacturers.

The Labour Government took them at their word. Since it had devalued the dollar and was phasing down the manufacturers' protection and export incentives, it slashed farm subsidies. The Farmers' Federation is personfully saluting the flag.

The obvious question is whether Lange's daring experiment in free-market economics will work. And whether it will confer political longevity on the brave experimenters.

It's much easier to be confident that the various moves will eventually make a significant contribution to pulling New Zealand out of the poo than it is to be sure that it will all come together in time for the next election 2½ years away.

Mr Douglas seems to think that the New Zealand economy will take off like a rocket in no time. His faith in the neo-classical theory of economics seems a trifle childlike.

He may have bitten off more than the economy can chew. It may take several years for the economy to digest the changes on so many fronts.

Conventional economic theory says that the changes he has made will move the economy in the right direction. But the theory says nothing about how long the economy will take to respond, nor how strong the response will be. The bureaucrats admit this.

In the meantime, the Government's unavoidable tightening of budgetary and monetary policy will push the economy into recession — a recession from which it will only be lifted by an upturn in world trade or the beneficial effects of more free markets. Budgetary stimulus is *verboten*.

And in the meantime, the annual rate of increase in the CPI is heading towards 15 per cent, fuelled by the Government's measures: the 20 per cent devaluation, the end of the price freeze and the hike in government taxes and charges. The introduction of a value-added tax in April next year will add more.

As Mr Douglas is quick to point out, none of this will matter much provided wages rise by considerably less than the CPI. Only then does the CPI rise become the inflation rate.

Here is the Lange Government's Achilles heel: poor relations with the union movement in general and no wages accord in particular. Here, too, is the fundamental difference between Hawke Labor and

Lange Labour.

The Federation of Labour has a weak leader, is racked by factionalism and is dominated by Marxists of various flavours. The Lange Government has little in common with it and has made remarkably little attempt to win it over.

The Lange Gang is not into Government-union working parties and tripartite committees on everything that moves. The Federation of Labour has had no part in the decisions to reduce protection, nor in the design of tax reforms.

But wage moderation is crucial to the success of the Government's strategy. If wages rise to cover the rise in import prices then the 20 per cent devaluation will have achieved precisely nothing.

The Government is relying on the good sense and goodwill of the unions (and perhaps the continuing high level of unemployment). But before the wage freeze began in 1982 the unions repeatedly demonstrated their ability to win wage rises at least as great as the CPI increase.

The other problem, of course, is that even if the Lange Government is brilliantly successful in running the economy, it may end up being tossed out of office because it jumped the wrong way on ANZUS or the Springbok tour.

## Attractions of Economic Union

Sydney THE SYDNEY MORNING HERALD in English 21 Feb 85 p 11

[Last of three articles: "An Economic, Not Political Union, Is Fundamental Issue"]

[Text]

**S**UGGESTING to a Kiwi that it won't be long before New Zealand becomes a State of Australia is the quickest way to convince him that you're a nong-nong. Every New Zealander knows that it's just not on — every New Zealander tires of explaining this to naive Aussies.

Taking poor little New Zealand in under our wing is an idea that appeals to lots of Australians who haven't thought much about it, but who feel great affinity with New Zealanders.

It's an idea that has been around for ages — since before Federation, in fact. Our Constitution was framed with the possibility of political union in mind. It could be achieved simply by an Act of the Federal Parliament.

In practice, of course, it would be much more complicated than that. And in practice, of course, it's simply not a goer.

We think of Kiwis as Australians with funny accents ("... the Muldoon was behaving like a Little Hitler ..."). But the Kiwis think of themselves as Kiwis.

Suggesting that New Zealand become a State of Australia is asking a nation to give up its nationhood. The Kiwis would no more consider that than the Canadians would consider becoming part of the United States.

How long do you think it would take before the sport-crazed New Zealand electorate — which is prepared to decide elections on the strength of a Springbok tour — was willing to see the All Blacks subsumed by the Wallabies?

The New Zealanders may have made an almighty mess of their economy over the past 10, or 20, or 30 years, but they would have to sink a lot lower before any New Zealand politician would dare to suggest that political union with

Australia even be considered.

Right now, of course, the Kiwis are able to hope that Lange's quiet revolution will turn their economic fortunes around. If that daring free-market experiment works the way the true believers expect it to, in 10 years time the New Zealand economy will be showing our economy a clean pair of heels.

Now we're getting down to the point. The only serious reasons why New Zealand might conceivably want to "come in" with Australia are economic. So why talk about *political* union when the fundamental issue is *economic* union?

Economic integration with Australia is what the Kiwis need and it is infinitely simpler and more politically possible than political union.

The penny drops: If the Kiwis can obtain economic integration while retaining their political sovereignty, they also retain their economic sovereignty.

How much economic sovereignty does an Australian State Government have? How much scope for pursuing separate economic policies within its State borders?

Precious little. But with economic integration, New Zealand can have almost all the economic benefits of Statehood while retaining the freedom to manage its own economy.

It can have the best of both worlds.

Which is exactly what New Zealand's leaders want. And there is no reason why we shouldn't give it to them. Indeed, we have already begun giving it to them and the process is likely to continue and speed up.

Economic integration with Australia offers significant benefits to New Zealand. It doesn't offer very significant benefits to Australia, but then it doesn't involve any real cost to us, either.

(What would cost us was New Zealand becoming a State. Through the Federal-State tax-sharing arrangements, the taxpayers of NSW and Victoria would pick up a fair bit of the tab for New Zealand's more generous social security system and its general economic mismanagement.)

There is nothing new about economic integration between Australia and New Zealand. It's a case of progress along a continuum — progress which has gathered pace in the past two or three years and will, I reckon, continue to gather pace.

For one thing, Australia and New Zealand have had a common labour

market since I don't know when, just as the nine countries in the EEC have a common labour market.

If you can find one, you can take a job in New Zealand tomorrow, and a Kiwi can do the same here. Until relatively recently, you could travel across the Tasman without even a passport. We imposed passports — a fact that still rankles with the Kiwis.

As for trade, the history of special arrangements between Australia and New Zealand goes back to 1922. But the first significant development was the establishment of NAFTA, the New Zealand Australia Free Trade Agreement, in 1965.

For various reasons too boring to mention, it had become clear by the late 1970s that NAFTA had run out of puff. So on January 1, 1983 NAFTA was replaced by CER.

Most Australians would be hard-pressed to remember what CER stands for — if they ever knew. But CER is a household acronym in New Zealand, since the nation spent two or three years locked in an intense debate over whether it should or whether it shouldn't.

CER is the Australia New Zealand Closer Economic Relations Trade Agreement (ANCERTA if you want to sound flash).

CER adopted exactly the opposite approach on free trade to the NAFTA approach. It said that all trans-Tasman trade would be free, except for a few nominated special cases.

This makes CER a significant advance on NAFTA and a significant step towards, well... closer economic relations.

The free trade didn't happen automatically on January 1, 1983, however. The agreement provides that the New Zealanders must have phased out all export incentives and trade barriers by 1995.

So CER is off to a fairly slow start, although it will have bitten long before 1995. It means that the New Zealanders get the better end of the stick, since they get access to our market earlier than we get access to theirs.

The Kiwis don't like to admit it, but even in the long run CER is worth more to them than it is to us. It's a simple matter of arithmetic: there are 15 million of us, but only 3 million of them (not counting the 70 million sheep).

So the New Zealanders' market is multiplied by six, while ours grows by only 20 per cent.

But that's OK. It's no skin off our nose. Any of our producers who can't

compete successfully against the New Zealanders, we'd be better off without.

Trans-Tasman trade has grown strongly since CER began, with New Zealand's exports to us growing at a faster rate than our exports to them.

CER may account for a bit of this, but the main explanation is that both economies have been recovering, with ours recovering faster and with the Kiwis doing better than us in containing their costs.

**C**ER will be most significant in the area of trade in manufactures. New Zealanders are very much aware that Australia is the biggest market for their manufactured exports.

It irks them when we so often forget that they are our biggest market for manufactured exports.

Our manufacturers and theirs were made for each other. In manufactures, CER represents free trade between the least efficient producer in the world (them) and the second least efficient producer (us).

So CER is no magic answer to our trade problems, nor even theirs. We both have to get our manufacturers competing with the rest of the world.

Part of the rationale for CER is that rationalising our two manufacturing sectors should leave us better placed to take on the world together.

CER is not likely to make much difference to our economic growth over the next decade, but it should greatly increase the trade flowing across the Tasman in both directions.

As that happens the degree of economic integration will increase and pressure will build for further measures to eliminate barriers to integration.

The Kiwis are already pressing for the removal of certain potential "non-tariff" or hidden barriers to trade. They want common design and safety standards in the two countries, and

common labelling requirements (remember Job Bananas' chocolates?).

They want no discrimination against New Zealand companies in State Governments' purchasing policies. And they want greater harmonisation of the two countries' taxation, company and trade practices legislation.

This will take time, but it will come. New Zealand ministers already attend Commonwealth-State ministers' meetings as observers.

One of the inevitable outcomes of free trade across the Tasman is greater investment across the Tasman — Australian companies wanting to buy businesses or set up plants in New Zealand, and vice versa.

Trade and investment are closely entwined. So it becomes very important that cross investment between Australia and New Zealand not be hindered by either country's foreign investment guidelines.

Another thing CER will lead us to eventually is CET. CET is common external tariffs — that is, identical barriers in both countries to the import of goods from third countries.

This is a tricky one since, for the most part, it will require Australia to lower its tariffs on imported raw materials — such as chemicals and plastic powders — which we at present produce inefficiently but New Zealand imports cheaply from third countries.

While manufacturers in New Zealand can get their raw materials more cheaply than manufacturers in Australia, there will be an artificial incentive for manufacturers to move their operations to New Zealand.

In time, this will intensify the pressure on Australia to agree to common external tariffs.

Now consider this. Australia and New Zealand have a common labour market and we are getting a free-trade area and harmonised business legislation. When we finally get common external tariffs what we will have is an Australasian Common Market.



NEW ZEALAND

**SOCIALIST UNITY PARTY DISMAY ON ECONOMIC POLICY**

Wellington NEW ZEALAND TRIBUNE in English 18 Feb 85 p 2

[Editorial: "Policies for People"]

[Text]

The Government is upholding its election promise not to open our ports to nuclear-powered-or-armed ships. Many New Zealanders are rejoicing at this action. At odds with this proudly-held-to stance is the Government's economic policy.

Instead of an economy which will raise living standards and put people back to work the Government, on Treasury's advice, has pursued the employer's policies of de-regulation and an open market economy.

On Treasury's advice it has already allowed the employers to hijack the economy and has left an empty cupboard for New Zealand workers to refill.

Although keeping out foreign interference from our ports, it is actually encouraging foreign interference in our economy. It is also encouraging the very ills which it promised to cure before the elections.

An economy cannot be strengthened by the use of de-regulation. Control of the economy is essential. This means the control of both international and national monopolies.

As we have seen from the policies followed by the National government for the last eight and a half years, if monopoly is allowed to operate unchecked it will pay no attention to the needs of people.

Already in the current wage round we can see the blatant disregard paid by monopoly and big business to workers' living standards, their working conditions and their health and safety.

The difference between Labour's democratic stand on peace and its pro-employer stand on the economy is one which reflects the activity of people.

People make government policies. They do it by both pressure and support. In the area of peace full support was evident and has so far been effective.

In the economy it is the employers whose activity and power are visible and whose policies are being used.

Before the elections there was active support for this Labour Government. If that level of activity had remained, the rebuilding of the economy would be taking a different direction.

We in the labour movement must ensure that it takes a direction which will reverse the current trend of rising prices, falling living standards and high unemployment levels.

The people of New Zealand voted for a Government which will put people's needs before profit.

All sections of the labour movement have a role to play in ensuring that these policies are carried through.

- work in your trade union
- in your community organisations
- write letters—send telegrams.

**Rebuild the economy for people  
not profits!  
Stop the rot!**

NEW ZEALAND

EXODUS OF WORKERS ACCELERATES 'SHARPLY'

Auckland THE NEW ZEALAND HERALD in English 21 Feb 85 p 1

[Text]

The exodus of New Zealanders drawn by higher wages overseas has accelerated sharply in the past month.

The net loss of people going for at least a year jumped from 3118 in the calendar year 1984 to 4748 in the year to the end of January — the biggest loss since August 1982.

For the first time in three years, there was a net loss in January itself, when there is normally an influx of refugees from the Northern Hemisphere winter.

The new exodus, although not yet approaching the net losses of almost 40,000 people a year in 1976-79, is already leaving gaping holes in the New Zealand workforce.

The director of the Auckland Employers' Association, Mr Doug Stewart, said the outflow began to become evident after the Government announced its plan to tax fringe benefits.

"What we are in danger of having is an exodus of skilled personnel who can command a skilled wage in Australia, which at this stage has a stronger economy and less tax on fringe benefits," he said.

Mr Stewart, who has lost two members of his own family across the Tasman, said a skilled person could obviously earn much more in Australia than in New Zealand.

The president of the Auckland Carpenters' Union, Mr Marc McCarthy, said he had been told by an Air New Zealand ticketing clerk that for the past four months a daily stream of emigrants had put their tool bags on the scales.

"A New Zealand indentured tradesman, going to work on a Sydney building site, will get \$NZ1100 before tax a week," he said.

By contrast, the best rate available in New Zealand, at the New Zealand Steel expansion site, produced a take-home pay, including overtime, of \$437 a week, Mr McCarthy said.

According to the latest available detailed statistics, for the period April to October last year, 299 carpenters left the country in those seven months.

A total of 183 returned, leaving a net loss of 106.

In all, there was a net loss of 239 construction workers, or just under half of 1 per cent of all building workers in the country.

However, as a proportion of workers in an occupation, by far the biggest net loss was from the very area with the greatest shortages in New Zealand — statisticians and "systems analysts," the people who design computer programs.

Advertising

In the seven months to October, there was a net loss of 86 people in this group, or 3.7 per cent of all



statisticians and systems analysts.

An Auckland recruitment agent specialising in computer experts, Mr Douglas White, said there had been a big increase in Australian companies advertising for computer people in New Zealand.

"The salaries are probably not much different, with \$1000 or so, in dollar terms," he said.

But when translated at post-devaluation exchange rates, that was an "enormous" margin in Australia's favour.

After actors, artists, photographers and hair-dressers — all of whom have traditionally gone overseas to try their luck on the world stage — the next biggest net outflow in percentage terms was of economists.

#### More Jobs

There was a net loss of 13, but that was 1.2 per cent of the economists in the country.

Lawyers were next, with a loss of 42, or just over 1 per cent. The executive director of the Auckland District Law Society, Mr Graham Wear, said law graduates had had difficulty finding jobs for some years, but the situation was now "bucking up a little."

"There always has been a net loss of people," he said.

"But the numbers are quite substantially up over what they were last year, suggesting that more jobs are becoming available [overseas] than a year ago."

New Zealand also lost 1 per cent of its medical workers in the seven months to October, including a net loss of 375 nurses.

However, there was actually a net inflow of 23 doctors.

Almost 1 per cent of hotel and restaurant workers were lost overseas, including a net loss of 151 cooks.

Mr Tony Staniford, of the Tourist Industry Federation, said it had always been a problem to attract and keep good chefs.

#### Training

With the present boom in the hotel industry, his federation was preparing a new set of training proposals for its next convention in Taupo in June.

About 0.9 per cent, or 93, of the country's accountants left the country, accentuating what has become over the past few years a desperate shortage of accountants.

The number of members of the New Zealand Society of Accountants living overseas increased from 1995 in 1983 to 2176 last year, out of a total membership of 13,843.

Rounding out the top dozen losses was a net exodus of 0.75 per cent of the country's printers.

#### Printers

The secretary of the Auckland branch of the Printers' Union branch, Mr Gavin Bell, said the union had told the Minister of Labour, Mr Rodger, that a full-colour offset printer earning \$400 a week in New Zealand could earn \$4550 to \$4600 (\$900-975) a week in Australia.

Other big losses between April and October included 278 mechanics and fitters, 256 labourers, 195 managers, 187 farm workers and 73 engineers.

Only two groups registered significant net inflows — teachers, with a net gain of 24 or 0.2 per cent, and horticulturists, with a gain of 43.

In the eight months to November, there was an overall net loss of 5773 employed people, but a net gain of 3670 people who were either children, retired or otherwise unemployed.

NEW ZEALAND

EXPORTERS EXPRESS FEARS OF U.S. TRADE RETALIATION

Life To Be 'More Difficult'

Wellington THE EVENING POST in English 28 Feb 85 p 2

[Article by Anne Byrnes]

[Text] Trade repercussions over New Zealand's nuclear stance are inevitable, according to a top-ranking producer who has just returned from the United States.

The chairman of the Meat Producers' Board, Mr Adam Begg, said today that life would become increasingly difficult because of the Government's action.

"In terms of the more militant congressmen and senators, I am sure it will make life more difficult," he said.

Mr Begg's stance today was in direct conflict with a number of top producer executives who have previously denied any serious trade repercussions.

Officials from the wool and dairy industry said earlier this month that the Government's stance posed no immediate or serious threats to New Zealand's trade.

And the Meat Board's group manager of public affairs, Mr Barrie Saunders, also said earlier this month that there was no immediate threat.

However, Mr Begg acknowledged the impending threats today and said New Zealand's trade access to the US is under a cloud.

New Zealand will find it more difficult to fend off attempts to block trade than it has in the past, he said.

New Zealand's meat trade with the US was worth about \$480 million last year. Manufactured goods--an increasingly bright market--were worth about \$112 million in export receipts.

New Zealand has made substantial sales of beef to the US, exporting nearly 134,000 tonnes last year. However sales have been steadily declining recently, falling from 176,000 tonnes in 1982 down to the latest figure.

And despite opposition from the US on the nuclear issue, Mr Begg is confident New Zealand can make more sales in the coming year. He is predicting that about 15,000 tonnes more beef will be exported to the US this year.

The main reason for optimism over this market is an increase in the slaughter of calves from the dairy herd and reduction of stock numbers.

Mr Begg returned to Wellington last week after meeting top European and US trade delegates.

He said sheep producers in the US are antagonistic towards New Zealand meat producers because of lamb imports.

"I don't think we were able to completely defuse that antagonism," he said.

#### Reaction To First Ban

Wellington THE EVENING POST in English 28 Feb 85 p 1

[Text] Auckland, Today (PA).--New Zealand ice cream has been banned from sale in the United States because of the country's anti-nuclear stand, according to exporters today.

They said they believe the ban will trigger trade sanctions through the United States.

The president of the New Zealand Export Institute, Mr John Lister, said this was despite Government assurances that no trade repercussions would result from its policy on Anzus.

"People become involved personally and their negative reaction to our stand results in them making their own sanctions."

Mr Lister said his organisation held grave fears for New Zealand's future in the American market.

Wattie Industries has been told its ice cream has been banned from supermarkets in the city of Sacramento.

Lion Breweries, makers of Steinlager, also holds fears for its sales in the United States. Lion exports 840,000 dozen bottles of Steinlager to the United States every year.

CSO: 4200/753

27 April 1985

## NEW ZEALAND

## EDITORIAL ON SIHANOUK VISIT, ASEAN-WELLINGTON POLICY

Auckland THE NEW ZEALAND HERALD in English 25 Feb 85 p 6

[Editorial: "A Visit From Sihanouk"]

[Text] Prince Norodom Sihanouk, erstwhile head of the Cambodian state since renamed Kampuchea, will bear as baggage all the agonies of that wretched land when he visits Wellington next week. The ageing prince leads the resistance coalition fighting Vietnamese forces which have occupied Kampuchea for more than six years.

Gamely collaborating with China, Sihanouk periodically sallies forth from his North Korean palace to represent to the world that embattled coalition of anti-Vietnamese guerrilla elements called Democratic Kampuchea. Just as gamely, New Zealand continues to cast its lot, and its vote at the United Nations, with Democratic Kampuchea.

Not so Australia. Canberra no longer recognises the coalition. Yet the prince's calls in Wellington apparently constitute a tailpiece to a visit to Australia, to which he was invited last June--not as president of Democratic Kampuchea but as a private citizen and former national leader.

Canberra's action may thus seem some vindication for Wellington's own long-standing stance on the murderous mosaic that has been Kampuchea. However, the coalition has cobbled together in 1982, largely at the initiative of the Association of South-east Asian Nations; New Zealand policy is much motivated by anxiety not to offend Asean; yet Australia's less deferential, more detached position has done no demonstrable damage to its relations with Asean.

Behind the touchiness and manoeuvring lies the distasteful reality that, numerically and militarily, the coalition's largest component is the Khmer Rouge. Until ousted by Vietnamese invaders in 1978, the bestial Pol Pot's Khmer Rouge regime visited upon Kampuchea one of the more appalling genocides the world has witnessed since Hitler's heyday.

Small wonder that the Foreign Minister, Mr Lange, should have been at such pains to deplore Pol Pot's barbaric record when, in November, New Zealand last affirmed support for the coalition's credentials. Supping with one of Sihanouk's partners requires a long spoon.

So, like Australia but inversely, New Zealand is now trying to have a bit both ways, as it were. The main distinction in attitudes towards two Marxist communist Indochinese movements by two liberal socialist Labour administrations is perhaps that Australia is the more overtly convinced of the futility of isolating and punishing Vietnam for its Moscow alliance and its Indochinese dominance.

Recent combat has gone badly for the coalition. Its civilian families and followers have fled to Thailand as refugees. It no longer commands Kampuchean territory it can call its own. Its legitimacy as an alternative government is at a nadir.

Asean's less-than-resonant call this month for military aid from friendly nations for the coalition has been received coldly. Sihanouk may believe he can still play his China card but he is left without much of a hand. Neither China's brief invasion of northern Vietnam in 1979 nor its subsequent arming of the Khmer Rouge has spared hapless Kampuchea from Vietnamese hegemony.

CSO: 4200753

NEW ZEALAND

DAILY CRITICIZES LANGE STYLE, TRAVEL

Auckland THE NEW ZEALAND HERALD in English 26 Feb 85 p 6

[Editorial: "Once More Unto the Breach"]

[Text] The Prime Minister's quip last week that the Anzus impasse is not a bad issue "if you have walked through a supermarket lately" no doubt sounds more cynical than was intended. The point will not have been lost on many in the community, to whom domestic industrial unrest is also a growing distraction from considerations of foreign policy.

Having admonished strikers and others domestically, Mr Lange has left for the Northern Hemisphere to carry his crusade against nuclear armament to some of the powers there. The message he will bear to Los Angeles, London and Geneva will not be familiar to most New Zealanders. The United Nations disarmament conference will be interested; the United States Department of State and, indeed, Downing St, will be unimpressed.

Frequent foreign forays by the cabinet's chairman are part of the price of having a Prime Minister who insists also upon being his own Foreign Minister. Already, this year looks like being a particularly heavy one for such overseas excursions. Entertaining it may be to monitor, via satellite, the Prime Minister debating his disarmament convictions at the Oxford Union. The corollary is that his ministers, more than ever, will have to get to grips with the pocketbook issues at home.

CSO: 4200/753

NEW ZEALAND

EDITORIAL LAUDS SAMOA ELECTION RESULT

Auckland THE NEW ZEALAND HERALD in English 27 Feb 85 p 6

[Editorial: "Samoans Vote With Confidence"]

[Text] Western Samoa has not been noted for its political stability in the past few years, calling into question the success of grafting the trappings of representative democracy on to traditional matai rule and limited suffrage. However, the elections at the weekend put the Government of Tofilau Eti Alesana on the firm foundations it needs to keep striving to strengthen the economy and to contemplate electoral reform.

The Human Rights Protection Party has governed with a majority of one seat for two years since a period of political turmoil during which there were three changes of Government in a year. The country's economy and its image abroad suffered accordingly. Tofilau Eti and his party, with the help of improved international commodity trading, have managed a remarkable reversal of fortunes. The result was a landslide; 31 seats of the 47-member legislative assembly. Tofilau Eti has a mandate to continue with the stern economic stewardship which has meant sacrifices for Samoans, but which promises greater prosperity.

His party will also approach a pledged referendum on universal suffrage confident that if electoral reform is called for, it has the popular support with which to introduce changes in the best interests of the country.

CSO: 4200/753

27 April 1985

## NEW ZEALAND

## BRIEFS

POLICIES CONFUSE NEIGHBORS--New Zealand's East Asian neighbours are confused by what they see as contrasts in the economic and foreign policies adopted by the Government. This was the message delivered to members of the Pacific Basin Economic Council yesterday by the Editor of the "Far Eastern Economic Review," Mr Derek Davies. He said the market oriented approach adopted by the Government toward the economy seemed in Asia as an indication that "New Zealand was joining the world" but policies in regard to Anzus looked like a step towards leaving it. "Your East Asia neighbours are as confused as we are." [Text] [Wellington THE EVENING POST in English 19 Feb 85 p 12]

CSO: 4200/736



PAPUA NEW GUINEA

BRIEFS

RULING PARTY DEPUTY LEADER ELECTED--PNG's governing Pangu Pati has elected Mr Rabbie Namaliu as its new deputy leader. Mr Namaliu was elected at a special caucus meeting in Port Moresby today. He replaces the former deputy leader of the party and former deputy prime minister, Mr Wingti, who was expelled from the party last week. His expulsion followed a no-confidence motion against the prime minister proposed by the opposition which named Mr Wingti as an alternative prime minister. Mr Wingti is now the opposition leader in PNG Parliament. [Text] [Melbourne Overseas Service in English 1100 GMT 28 Mar 85 BK]

CSO: 4200/748

27 April 1985

## PHILIPPINES

## ESSAYIST ON RANGE, ROLE OF FORCES IN CURRENT CRISIS

Baguio City THE GOLD ORE in English 2 Mar 85 pp 6, 7

[Article by Benjamin Salvosa: "The Embattled Forces"]

[Text]

GRAY ZONES of freedom scattered across the Philippines are widening where human rights continue to be violated both by the embattled forces of the left and the right. Caught in the crossfire of combat areas are Filipino civilians who lose life, limb, property or disappear to nowhere because they are accused, detained and at times tortured and summarily executed either for alleged sympathy for the communist New People's Army or for suspected aid to the Philippine Armed Forces' counter-insurgency campaign, reported the US State Department.

Civil war will erupt in the Philippines within two years unless President Ferdinand Marcos' government is overthrown before then, predicted Catholic Bishop Antonio Fortich of Bacolod.

The abuses of those in power were driving Filipinos to join the insurgency led by the Communist Party of the Philippines (CPP) and its New People's Army, said Jaime Cardinal Sin.

Military abuses, if not corrected, would lead to ultimate disaster of the armed forces and downfall of the government, according to Lt. Gen. Pelagio Cruz (ret.) and former AFP chief of staff.

## POLITICAL FORCES

BESIDES Ferdinand Marcos, two groups have increased their power since 1972. One is the military, which has grown from 60,000 to 155,000 men in the past 10 years. Its budget has also increased substantially. The Armed Forces of the Philippines, along with the Constabulary, the Presidential Security Command, the National Intelligence and Security Authority and the various paramilitary forces, have become essential to the Marcos government at many levels, from national economic agencies to local government authorities, writes David A. Rosenberg editor of *Marcos & Martial Law in the Philippines* and author of *Communism in the Philippines*.

"The other major but unintended beneficiary of authoritarian rule has been the revolutionary movement in the Philippines, which has capitalized on the absence of other institutional outlets for popular grievances. In 1968, the new, more activist Communist Party of the Philippines (CPP) broke away from the old, largely, discredited Partido Komunista ng Pilipinas. The New People's Army has grown slowly but steadily during the

Marcos years. In the political sphere, the National Democratic Front, created and led by the CPP, now shows some signs of developing significant support among certain radical Christian groups, labor organizations, student groups and others."

Political science professor Alex Magno thinks that the radical left as a political force, is now second only to the Marcos regime in the latter's ability to determine, on a sustained basis, strategic outcomes.

In his opinion, the present situation is now characterized by an impasse but the political initiative is quickly passing to the militant opposition.

In his paper entitled *From Political Polarization to Political Isolation: The Present Disposition of Political Forces and the Search for a Clear Process of Transition*, he argued:

The institutionalization of rule by decree has substantially diminished the role and effectivity of constitutional instruments for the exercise of power.

Centralization of power has restricted the mobilizing activities of the political elites in the cities and provinces, an activity which used to be a source of formal legitimacy

for the Marcos regime, denying the latter a mechanism for filtering and absorbing grassroots disenchantment and protests.

Political disenchantment is currently directed at the central seat of power, the presidency, and this has led to a weakening of the political middle forces and increased polarization.

Popular disillusionment and the economic crisis have led to the sprouting of mass movements and "cause-oriented" political groups which are united in a common espousal of the democratic ideal versus the authoritarian reality enforced by the present regime.

## ARMED FORCES

IN THE NATION in Crisis, UP Professor Carolina Hernandez reported that in 1972, when President Marcos instituted martial rule, military forces consisted of some 55,000 men. Military analysts estimate that between the early 1970s to 1980, the military grew by 379 percent making it the fastest growing military force in Asia, with Army, naval and air forces estimated at about 113,000, para-military forces totalling 110,500 (including 43,500 Constabulary forces, 65,000 civilian home defense forces and 2,000 Coast Guard personnel), and reserves estimated at 124,000.

In terms of budget, the military allocation from the national government increased from P608 million in 1972 to P8.8 billion in 1984, the latter representing half of total taxes collected by the government in 1981.

Military expenditures in the country have increased the fastest among east Asian Nations between 1971 and 1981, inspite of the fact that RP economy has grown the slowest.

The popularity of the AFP has waned through all the years that President Marcos used it as a blunt instrument for political con-

trol, reported the *Asian Wall Street Journal*. "The prestige of the army, an organization characterized by political favoritism at the top and loose discipline in the ranks, has been low since last October, when an independent commission charged Gen. Ver and 25 others with being part of the Aquino murder conspiracy. It was then that Gen. Ver took his leave of absence and Lt. Gen. Ramos was named acting chief of staff."

"There is a formal agreement among the senior officers of the armed forces that if General Ver is acquitted, he will be returned to his position", the President revealed when asked if there was an intention to reinstate Ver if the Sandiganbayan acquits him.

Would the President abide by the formal agreement of the military? "I am not in the habit of discussing appointments in the military in a public conference," replied Marcos.

## TASK FORCE

AN OLDTIMER BROTHER of rebel priest Conrado Balweg eluded an attack by the military in Abra. Brig. Gen. Tomas Dumpit disclosed that the rebels suffered 7 casualties. An estimated 70 rebels retreated to the mountains of Kalinga-Apayao. An armed band of more than 50 NPA members tried to set a quick retaliatory attack, but they were repelled by the advancing troops.

Insurgency operations are active in at least 12 Ilocos Norte towns as armed elements of the underground movement maintain their strongholds within the borders of Cagayan, Kalinga-Apayao, Abra, Ilocos Sur, and Mt. Provinces.

Dumpit said Jovencio Balweg, brother of Conrado, led the rebels during that gunbattle which lasted for two hours and left at least three NPAs killed and two soldiers wounded.

It was the first major clash since the formation of the task force, Dumpit said, adding that

Balweg's group was reinforced by an armed band believed to have come from the NPA lairs in Ilocos Norte.

Dumpit disclosed the military drastically reversed its "static" approach in Northern Luzon counter-insurgency campaign by adopting an aggressive offensive stance.

It is widely believed that the Task Force was formed to flush out Fr. Balweg from his Mountain sanctuaries.

Military insiders, however, said that Cesar Barona, a former Laoag student leader who fled to the hills after his wife and grandmother were killed allegedly by the military, is the dominant NPA leader in Northern Luzon. Fr. Balweg, they said, only looms because he is good media copy, being a Catholic priest.

## UNJUST STRUCTURES

THERE IS SOMETHING especially romantic about the image of a guerilla priest. Once a man of the cloth resorts to violence, it is as if the wrath of God Himself has been unleashed upon the wicked oppressors, said Ian Baruma.

"It helps if the priest is handsome, as in the case of Fr. Conrado Balweg, who took to the Northern Luzon mountains and joined the New People's Army in 1979. When photographs began to appear of him in battle fatigues, holding his M16 rifle and looking quite ready to use it, he became a folk hero of the Philippine opposition, a kind of political Robin Hood — robbing the rich to help the poor."

Excerpts from her article in the *Far Eastern Economic Review*.

Only a very small number of the Philippine clergy are like Balweg. At the end of 1982, President Ferdinand Marcos accused 20 priests and nuns of being members of subversive organizations such as the (NDF) National Democratic Front, the CPP front organization. And he singled out 97 other members

of the clergy said to be helping the CPP and NPA. Even if the president's calculations are accurate — which is impossible to tell — “these revolutionaries” would represent less than 1 percent of the more than 13,000 priests and nuns throughout the country.

The majority of priests and nuns, however actively involved with social issues and however much sympathy they may feel for the NPA, have not got rid of God. They are still very much people of the church. They exemplify a church drifting into literally, dangerous areas, making compromises with forces they may not ultimately be able to control. But they are not ideologues leading the church into violent revolution.

They are certainly not like Balweg, or his ideological mentors such as Fr. Ed de la Torre, a graduate of the University of the Philippines and much influenced by Maoist ideas. By saying “This gun is an instrument for higher value. The value of justice. The value of the dignity of man,” Balweg glorifies a violent revolution and blesses the communist struggle. His interpretation of Liberation Theology has taken him into areas where the church if it wishes to remain a church, can never follow.

But the fact that he is still considered to be a priest and that (Jaime Cardinal) Sin himself has expressed understanding for his motives, show how far the tolerance of the Philippine church will stretch. This might seem unprincipled, a typical example of the Filipino penchant for compromise. But it may be also just the thing to prevent the church, and by extension the country, from being torn apart by forces

that have destroyed more dogmatic societies.

In Washington, D.C., Fr. Jose Dizon of the Basic Christian Committee explained the church was responding to the three realities of poverty, oppression and resistance. The current crisis is not something that God has given to us as a people, it is the result of unjust structures. Since the central message of the Christian faith is justice, it is incumbent upon the Church to join the struggle.

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### JUDGMENT DAY

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THE US State Department (USSD) reports violations of human rights have continued despite the country's newfound freedom of the press, the growth of moderate opposition ranks in the National Assembly, as well as the increasing assertiveness of the Supreme Court of the Philippines.

The most recent case is the dismissal of all subversion charges against Jovito Salonga of the Liberal Party although Quezon City Regional Trial Court Judge Rodolfo Ortiz had dropped the charges.

The charges arose out of the series of bombings in Manila in 1980 during which Salonga was implicated by Victor Burns Lovey who was arrested following the premature explosion of a bomb inside his room at the YMCA dormitory in Manila.

The legal saga:

Salonga, one of the victims of the Plaza Miranda bombing, was not informed of the charges against him when he was arrested.

The testimonies against him were based on pure hearsay. He was indicted because some plotters mas-

querading as visitors have somehow met him in his house or office.

He was not accorded the right of preliminary investigation and arraignment before the filing of this subversion case against him.

The purpose of preliminary investigation is to secure the innocent from hasty, malicious and oppressive prosecution. The right of preliminary investigation, denied Salonga, is a statutory grant and withholding it transgressed the constitutional due process.

The alleged statement attributed to Salonga about the likelihood of a violent struggle xxx if reforms are not instituted, xxx is nothing but a legitimate exercise of freedom of thought and expression. No man deserves punishment for his thoughts. If there is any principle of the Constitution that more imperatively calls for attachment than any other, it is the principle of free thought — not free thought for those who agree with us but freedom for the thought that we hate.

The lessons of history, both political and legal, illustrate that freedom of thought and speech is the indispensable condition of nearly every other form of freedom. And showing concern over government impositions upon “mere criticisms of government and public officials,” the court declared that “it cannot be the basis of criminal indictments.”

27 April 1985

PHILIPPINES

MAYORS URGE CRACKDOWN IN RULING PARTY

HK031606 Manila PHILIPPINES DAILY EXPRESS in English 3 Apr 85 p 3

[Excerpt] The executive committee and national directorate of the ruling Kilusang Bagong Lipunan was urged yesterday by several Antique mayors to sustain its crackdown on "erring" and "disloyal" party members to preserve unity and strengthen the organization while preventing widespread demoralization.

The mayors noted that embattled KBL leaders continue to resist the purge while "trying to undermine the party by exposing members in an open conflict with one another."

The mayors cited the case of Antique governor Enrique Zaldivar, who, they said, was expelled because of his "open defiance to party pronouncements and support of defeated opposition candidate Evelio Javier in the last Batasan polls."

Caluya Mayor Oscar Lim, one of the four mayors and three Sangguniang Panlalawigan members who were sacked with Zaldivar, claimed that six of fourteen mayors who supported the ouster resolution denied signing the document.

Rodolfo "Deng" Pacificador, son of assistant majority leader Arturo F. Pacificador (KBL Antique chairman), said yesterday the mayors denied ever talking to Lim. The young Pacificador also showed a copy of the resolution when Mayors Leon Sayo (Anini-y), Edbert Lotilla (Sibulan), Manuel Lim (Tibiao), Alfredo Magluyan (Laua-an), Carlomagno Gindap (Barbaza) and Romulo Alpas (Culasi) affixed their signatures.

CSO: 4200/739

PHILIPPINES

MANILA DAILY VIEWS RIFT IN RULING PARTY

HK031604 Manila TIMES JOURNAL in English 3 Apr 85 p 4

[Editorial: "Intra-Party Rift Threatens KBL"]

[Text] The internecine strife within the ruling party has apparently reached a disturbing intensity that no less than the president himself, as KBL chief, felt compelled to step in and order the feuding party leaders to mend their differences.

On the whole, the KBL is still the most formidable political organization in the country--of that, there can be little quarrel. But for how long?

With the approach of the 1986 local elections the conflicting personal ambitions of party satraps and chieftains at the grassroots now appear to pose a serious threat to the KBL's overall strength. The bickering between local government incumbents and aspiring partymen presents a spectacle, sometimes ridiculous, of a party at odds with itself.

No more graphic illustration of this alarming trend is evident than in Nueva Ecija. One group, led by out-of-power party figures, has sought to anticipate the palace's displeasure by publicly calling itself "loyalist". Yet, the fact that it exists in direct opposition to the official party organization in that province can only lead to one thing--the weakening of the KBL in Nueva Ecija. Moreover, this splinter clique is obviously well-funded and could not have come into being without the support of certain regional--or even, national--KBL leaders.

In other areas, some partymen have reportedly been negotiating with opposition groups as a hedge against what they believe will be the widespread rejection of KBL bets in the 1986 poll. This early there is already talk of junking on either side of the political fence.

The immediate order of the day for the party leadership is to make these defeatist party members realize in the clearest possible terms that at no time in its 13-year history does the ruling party need to consolidate its ranks. Otherwise, the opposition may not even have to lift a finger while the KBL defeats itself.

CSO: 4200/739



# AUSTRALIAN JOURNALIST VIEWS MARCOS SUCCESSION ISSUE

Sydney THE SYDNEY MORNING HERALD in English 18 Feb 85 p 8

[Article by Peter Hastings]

[Text]

These days Manila probably has more guns, tanks and troops stationed in and around it than other South-East Asian capitals including Bangkok. You may not see them but that doesn't mean they are not there.

Not does it mean that the top command of the AFP (Armed Forces of the Philippines) is necessarily getting ready for a pre-emptive coup - to save the Philippines from Communism - if President Marcos dies suddenly or is suddenly incapacitated as so many in Manila believe.

"It is far more likely," an AFP officer told me, "that if we had a coup it would be to save us from a fate worse than death. Imelda."

If inspired leaks are true, Manila is nevertheless well protected by a new special Metro Strike Force comprising a regular PA (Philippine Army) combined infantry-armoured brigade equipped with 16 Scorpion tanks; a full regular PA infantry division at Rizal; five Scout Ranger (Commando) companies at Fort Bonifacio; an Aviation Security Command rifle battalion at Manila's airport and two PC (Philippine Constabulary) battalions at Fort Crume.

Allowing for exaggeration, it remains a sizeable force. But it's more than likely intended to put down rioting and civil disorder which most think will erupt in the uncertain transitional days following a change of regime or in

those preceding it.

But the presence of a Manila Metro Strike Force begs questions as to the future role of the armed forces.

The AFP, which came into being upon independence in 1946, was modelled on the American concept of the non-political Army.

West Point and its own PMA (Philippine Military Academy) embodied the ideal of civil supremacy as did Sandhurst and Quetta for the Indian Army. The Indian Army is still non-political despite Sikh secessionist pressures. The AFP is increasingly politicised.

Before the declaration of martial law in 1972, total AFP strength was around 55,000. In the intervening 15 years it has become Asia's fastest growing military force. Its five commands and reserve forces now account for more than 300,000 men.

Similarly, military expenditures have mushroomed dramatically in the same period from approximately \$US80 million to \$US1 billion for the coming year. In addition the Government looks to increased military aid as part of the ongoing US military/civil aid package.

The PA now has about 60,000 personnel, the Navy 28,000 (including 9,000 Marines, possibly the best trained Philippine force), and the Air Force 17,000. Total reserves for all forces are

estimated to be 124,000.

In addition the PC has some 44,000 men and the CHDF (Civil Home Defence Force) about 65,000.

Leading members of President Marcos's ruling KBL Party proposed in Parliament the other day that the CHDF should be expanded to 500,000 men who, after being trained and equipped by the Constabulary - its own reputation more than tarnished - would be attached to *hazar-gays* (villages) throughout the country to fight the NPA.

It is an interesting pointer to strengthening democratic protest in this country that even conservative pro-Marcos newspapers and columnists poured scorn on the idea. One referred to the CHDF as a Frankenstein.

The idea behind the suggestion was less that the CHDF should fight the NPA, than to make sure that in coming elections - provincial or presidential, snap or scheduled - the masses voted the right way, that is for the KBL ticket.

There is an unshakeable belief on the part of some here that President Marcos will step aside, rather than die in office, in favour of Mrs Marcos. The fact is that she is now so hated that her election could only be ensured by vast coercion and corruption at the grass-roots level.

The AFP has been employed principally in counter-insurgency



operations against MNLF ( Moro National Liberation Front) forces in southern Mindanao and against the NPA, principally in Tarlac and Pampanga provinces in Luzon, and in Samar, Negros and increasingly in southern and northern Davao on Mindanao.

Its anti-MNLF operations have proved fairly successful. There are increasing signs that the MNLF is a spent force.

But in the AFP's anti-Communist operations the NPA has mainly come off best. Recently the AFP's Lieutenant-General Fidel Ramos, acting chief of staff while General Ver is on trial, revealed that in 1984 the NPA killed 2,650 people, including troops, police, municipal and government officials, as well as ordinary civilians, for the loss of 895 guerrillas.

This is not the only bad news. The AFP Commander of Regional Unified Command XI in Davao revealed that last year there were 376 "incidents" in Davao City and environs involving the NPA.

Incidents included "raids, liquidations, successful disarming of AFP and PC personnel, ambushes, robbery, grenade throwing (23 incidents), kidnapping and burning." More than 500 Army and police personnel and civilians were killed. Grenades, thrown indiscriminately, do enormous damage.

In an interview, the Foreign Minister, Mr Arturo Tolentino - the most outspoken member of the Marcos Cabinet - confided that "here in the Philippines we must seriously consider whether the Government any longer holds Davao City. It is now NPA territory. If it goes on like this we will not hold Mindanao." It was an implicit criticism of the regime and the AFP.

The AFP suffers badly from its not always deserved unpopular image. In the first place it is very corrupt. There are notable exceptions - General Ramos, acting Chief of Staff, is allegedly one although he has other counts against him - but the example set over the last 20 years by Mr

Marston and his cronies has been all pervasive.

In the second place it has an unenviable reputation for brutality and torture. Most observers believe that even if torture rumors are exaggerated, it is too given to counter productive violence.

Neither the AFP nor, particularly, the PC, are considered by foreign military observers here to be well trained. Weapons care is almost negligible. It is not uncommon to see soldiers picking idly at fibrous material in their gun barrels caused by leaning the muzzle against a pumpaw tree.

A military attaché here was horrified on an AFP helicopter flight over NPA territory to see that belt ammunition fed into a machine gun mounted on a door bracket was green with mildew. The consequences of firing it could have been disastrous.

There is a disproportionately high head to tail ratio of troops. Far too many are in headquarters units, too few, properly trained, in the field. It is hard to prise officers away from comfortable jobs for operational service. General Ramos has made a public point of trying to correct this by trimming headquarters establishments.

At the equipment level there are serious problems. In an emergency it is alleged that most Philippine naval ships have at best one hour's steaming capability. Air Force pilots are down to 124 hours flying time per pilot per year, or about two hours flying a week.

Foreign military observers say that nearly 80 per cent of all Philippine Air Force planes are unserviceable. Maintenance of ships, aircraft and vehicles, wheeled and tracked, is low level at best and poorly supervised. Moreover there are serious inadequacies in the actual nature of major equipment items and in logistics mobility.

There is little troop carrying capability. This is one reason why the Nomad program which Australia underwrites in terms of periodic maintenance is impor-

tant. There is no worthwhile counter insurgency capability.

Most troop movements against the NPA are by naval LSTs which are slow.

General Ramos appears to be doing his best to correct the operational deficiencies of the AFP and to restructure the command staff in Manila and the provinces as first steps towards reorganising and regeneration the armed forces.

While he is counted as uncorrupted - some say it is relative - with a West Point attitude to politics he was also the creator and commander of the PC which has a universally poor reputation.

He may not be altogether to blame for what has happened in the PC because during that time he was responsible to General Ver, and the Defence Minister, Mr Juan Ponce Enrile, both of them committed Marcos loyalists.

But restructuring the top command structure where crucial jobs have been steadily filled by now over-age trustees including those from Ilocos Norte, the home province of General Ver and the President, is a formidable task.

Whether the AFP's top commanders, most of them Ver appointees, would consider staging a coup remains a moot point.

General Ver who might consider trying under some circumstances but he is in real trouble for the first time. He may be acquitted as an accessory to Nundoy Aquino's airport murder but he is finished. The US, still a powerful influence in the Philippines, is pushing so hard for his removal.

Many in Manila are convinced that because the succession mechanism is so weak in the Philippines and the country's direction so uncertain that the military will be forced into a coup, not least to preserve its power, privilege and growing corporate interests.

With Ver all but gone, and others likely to go, including the President, it may not have the nerve or the will to intervene. But you never can tell.

27 April 1985

## PHILIPPINES

## COLUMNIST ON SHAPING MARCOS-LAUREL CONTEST

Manila BULLETIN TODAY in English 3 Mar 85 p 22

[Article by Leo P. Gonzaga in the "Business Forum" column: "Indirect Confrontation"]

[Text]

They still have to square off in the political arena. Which may be as far away as 1987. But, by now, you and I already probably know a bit about how they stand on certain issues, including those concerning the economy.

By "they," we are referring to President Marcos, before newsmen at the Palace last Tuesday; and former Senator Salvador Laurel, also before newsmen a day earlier at a different venue, "Kapihan sa Maynila."

In what seems to be some kind of a debate, the two have sounded off on U.S. military bases, Communist insurgency, presidential health, government credibility; plus subjects of concern to this column, like foreign investments, foreign loans, technocracy, cronyism, the state of the economy, its prospects.

Of course, even if we stick to such subjects, we are jumping the gun on those who will make the nomination decisions. Variables can lead to a scenario which is different from what is assumed here. For instance, a virus can stand in the way of Mr. Marcos; and chivalry can get the better of Mr. Laurel.

Just the same, we consider it timely at this point to try to compare their positions, at least on economic issues, in order to determine where they agree, if at all; and where they differ and to what extent.

From what has been said, the two welcome foreign investments, but both stress regulated entry by and only a supportive role for any externally-sourced venture capital. Both see a connection between the economic

crisis and the upsurge of criminality and insurgency, but disagree on how serious is the resulting situation.

For example, the former senator believes the economy is still in a terrible mess and likely to remain so for some more indefinite time, whereas President Marcos insists the worst is over, the economy is already recovering and will shortly start adding muscles to its various sectors and subsectors.

Mr. Laurel has no quarrel with foreign loans, but singles out their misuse as the main reason why the country is in a debt trap. To the President, however, the principal culprits are skyrocketing OPEC oil prices, protectionism in the U.S. and other developed countries, debt defaults by Mexico and other borrowers.

The government is accused by the senator of over-spending, over-borrowing. Mr. Marcos, on the other hand, says portions of what the public sector borrowed were relent to the private sector; the rest was spent on infrastructure and other projects directly and indirectly benefiting entrepreneurs.

The President disowns certain so-called cronies. And while he admits that there have been project failures, he claims that some of these projects were originally recommended by a technocrat-critic now with the Opposition.

We have thus heard a debate without actual confrontation. The discussion has been less extensive. There is no rebuttal. But it will do for a start in evaluation where they stand, if the two indeed become actual protagonists.

CSO: 4200/752

RAMOS REMINDS NO FIREARMS DURING CROWD DISPERSAL

Quezon City ANC (PALAYAKAN) MALAYA in English 16 Feb 83 (p 1, 8)

[Text] Crowd dispersal units of the police and the military were "reminded" by acting Armed Forces Chief of Staff Lt. Gen. Fidel V. Ramos yesterday that they are not allowed to carry firearms during dispersal operations.

Military plainclothes personnel on undercover operations were also discouraged by the AFP chief from carrying firearms when mingling with demonstrators and rallyists as the tailgate badges on their waists would only give them away, invite identification of these firearms, or pose danger to their comrades when used against them.

The twin dispersal orders were issued by Ramos in one of several radio messages to Brig Gen. Victor Matalidad, acting Metrocom chief, whom he directed to disseminate the orders to unit commanders in the field.

In his order Ramos said crowd dispersal units are prohibited from carrying firearms during dispersal operations, saying that only the rear reaction teams who are under the direct control of their commanders during such operations are allowed to do so.

The crowd dispersal and control (CDC) units are uniformed troops bearing clubs, shields and batons, while the rear reaction teams are armed with long firearms.

In several dispersal operations lately, notably the squatter demolition operation at Park Ricarte, Diliman, Malaya photographers have caught club-wielding CDC troops brandishing pistols with their shield hands. On the other side, rear reaction troops have been recorded on camera at the vanguard of attack formations and even firing their guns at demonstrators.

CSO: 4200/117

PHILIPPINES

MALAYA SERIES ON DAVAO HUMAN RIGHTS VIOLATIONS

Quezon City ANG PAHAYAGANG MALAYA in English 1-4 Mar 85

[Four-part report by Joel C. Paredes, staff members, on the findings of a fact-finding mission to probe reported human rights violations in Davao, which the author joined: "Is There a War in Davao?"]

[1 Mar 85 pp 1, 2]

[Text]

DAVAO CITY - The military calls it a variety of names - *zonas*, *drag-net*, *not curant*. They all mean one thing: a relentless campaign of raids and assault on this city's urban communities, mainly the poor and underprivileged, that has sown both fear of and resentment against the authorities.

To an observer of a few days, the thought is inescapable: Is the military here at war with the people they are supposed to protect and serve?

"Militarization is a reality," is now Brig. Gen. Dioniso Tan-Garue, commander of the Philippine Constabulary-Integrated National Police (PC-INP) Regional Command 11 headquarters in this city, explains mounting military operations in this, one of Mindanao's largest urban centers.

He pointed out in a talk with this reporter that this city of more than 300,000 people has the most advanced "bunked front" where a large number of the civilian population, according to him, supports

communist dissidents. Attributing the insurgency situation here to the National Democratic Front (NDF), the 49-year-old general admitted it has become increasingly difficult to distinguish the urban rebels from the innocent civilians. This and the fact that military authorities consider this city - with its land area of 144,000 hectares, the biggest city in the world in terms of space - the biggest "red area in the country," partly explain the draconian measures applied here. They are reminiscent of the policies of the last non-communist regime in South Vietnam and, in Tan-Garue's own words, "Davao is another Vietnam in the making."

The statistics attest to the stark reality of a city gripped by violence. In the last two months alone, more than 120 people have reportedly been killed - an average of two deaths daily.

The rebels are being accused of wantonly liquidating government troops and their informers. But the same accusation is being hurled against the lawmen too.

Lawyer Cesar Europa,

the chairman of the Integrated Bar of the Philippines Davao chapter, remarked: "Alday is not complete without someone being 'salvaged' (summarily executed) in the streets."

In many instances, the victims of militarization are not the rich, who make up less than 10 per cent of the population, but the workers and peasants who have become the most exploited members of local society. And in the ghetto-like communities where they live, which the military calls "haven of subversives," reports of harassment are commonplace.

In Agdao district, for instance, the military has conducted at least three zoning operations in two months. Agdao, considered the Tondo of the south, is a thickly-populated area where the workers and urban poor abound.

Even the workers are not spared these harassments. Last January 10, the first deaths of striking workers were racked up when two strikers were felled by Armalite bullets after unidentified armed men broke up the picket line of the foreign-owned Franklin Baker Company, one of the top 10 producers of desiccated coconut in the country.

Late last year, six workers of the Lapanday Development Corp. (Ladeco) in Barangay Mandur were arrested and remain under military custody after they campaigned against the killings. One of the other, of these workers at Ladeco's multimillion peso banana plantation in November last year.

These deaths were blamed on the People's Liberation Organization (PLO), a group of armed Muslim rebel sympathizers implicated in the killing of policeman and human rights advocate Alex Ordoña in Agdao last year. The workers blamed the military with responsibility for failure to curb the violence. The PLO was tagged as a para-military outfit being used by some government officials and military men in their counter-insurgency operations.

It was this series of developments which gave rise to a fact-finding probe by cause-justice groups, which this writer joined last week, in an effort to document cases of human rights violations involving these groups and the urban poor of Davao.

The fact-finding mission, led by the Commission on Trade Union and Human Rights, has unearthed significant findings, including the extent of militarization on the people of Davao.

[Text]

**DAVAO CITY** — Almost at, but not quite at the fringe of this city's urban sprawl begins a complicated maze of catwalks that lead to a large squatter community.

Agdao, a squalid ghetto of poverty and despair, has in recent months gained a notoriety as this Southern Mindanao city's center of subversive activity. About 120,000 of its residents live in abject poverty, and this bottom-line existence, many believe, has conspired with other forces to foment rising discontent and contempt for constituted authority.

Now, the squatter colony is more popularly known as "Ninatagdao," an allusion to the social turmoil in the Latin American country of Nicaragua during its more than 40 years under dictatorial rule.

Roger Gotres, an Ateneo de Davao University professor who has lived with the urban poor in Agdao, ticks off a depressing list of characteristics common to its inhabitants. Apart from being squatters, most of its residents have no stable job or are underemployed. The children get minimal education because their families are below the poverty level.

They are continuously prey to military abuses.

Carlos Bolina, a 39-year-old carpenter, and his elder brother, Candido, 49, for example, were arrested by the military last Jan. 17 during a zoning operation in the Gotameo area. A zoning operation is when

soldiers seal off a given area, usually a block, and conduct searches, interrogations, even arrests, on the inhabitants of the area.

Davao Metropolitan District Command (Metropolitan) elements raided Candido's house after a 9-year-old girl reportedly identified him as one of the last persons seen with a policeman, Tony Rayos, before the policeman's body was found, already decomposing, in Samal island across the gulf from this city.

The Bolina brothers were released after 24 hours of what had been described as physical and mental torture. Two days after they were released, Candido collapsed. Three days later, he died in a local private hospital. The victim's widow and four children attribute his death to internal bleeding caused by the beating he went through.

Bolina's case is one of the more extreme effects of the military's zoning operations, which Gen. Domingo Tan-Gatue, chief of the PC-INP Regional Command (I), justifies as valid "dragnet operations."

Agdao has been in a constant state of tension as a result of successive military raids on the area. Since the Jan. 17 raid at Gotameo, government troops have returned twice on bus numbers reportedly to track down suspected subversives who had sought refuge in the slum community. The residents deeply resent what they feel are direct violations of their privacy as they said, soldiers enter their houses and arrest people at will.

The so-called zoning raids have prompted local members of the Integrated Bar of the Philippines (IBP) to file with the Supreme Court a petition to prohibit zoning which they said has become illegal and violating of their law.

Gen. Tan-Gatue justified the raids on Agdao as "urgent hot pursuit of the enemy" with the enemy tag applied to both criminal elements and subversives. The arrests, without court warrants, Tan-Gatue said, were "citizens arrests."

A chilling example of the arbitrariness of such arrests was told by human rights lawyer Silvestre Bello, the chairman of the Coalition of Organizations for the Realization of Democracy (CORD) in Mindanao.

He was accompanying members of the fact-finding mission checking on human rights violations in the city, Bello said, when they met a man in his early 20s who complained that only moments before, he was forced by soldiers to dig up for guns he was suspected of having hidden for the rebels. One of the soldiers even hit him with the butt of his Armalite rifle, the young man said, but freed him when they couldn't find "any gun." All he got was an apology from one of the soldiers, the youth, who requested anonymity, said.

We were told that the military troopers do not wear nameplates and that some of them even wore masks.

Because of numerous complaints against military abuse during zoning operations, an agreement — the "To-Punt Statement" — was forged between local military and government authorities with the IBP for the protection of citizens' rights during military operations. But the fact-finding mission was told that local residents continue to experience illegal searches in violation of the guidelines.

For instance, Milagros Murina, a 72-year-old employee at the Davao del Norte governor's office, approached the group to complain that she was hit in the left hip by an armalite bullet last Feb. 21 when an unidentified soldier let loose a

burst of automatic fire at the wooden gate of the compound where she lives because of her refusal to open it.

The old woman said she had no idea they were soldiers on one such zoning operation since they were in civilian clothes and their companions in fatigue uniforms had no nameplates.

The fact-finding mission also learned in that particular raid that Arsenio Cuartero, 49, and his wife Coring were arrested. The couple decided to bring along their three children — ages four, three and one — because nobody would look after them.

When the fact-finding mission inquired about their whereabouts, Maj. Angelito Moreno of the Judge Advocate General's Office (JAGO), denied the couple was under military custody. Their children are also still missing.

Tension in Agdao has heightened since Dec. 2 when a group of armed masked men fired at the residents, killing four young men and wounding 9 others, including women.

The fact-finding mission gathered that the victims were members of a barangay "vonda" team resting near the Sto. Nino chapel when 9 armed men surprised them from behind. The women were separated from the men and less than two minutes later, one of the armed men fired at the latter, killing four of them on the spot. The victims were identified as Martin Coniza, 19; Simplicio Yacash, 21; Roy Navas, 17; and Joel Pearday, 17.

Mercedita Herro, 17, said she and several other women were hit by stray bullets as the gunman kept firing with a circular sweep. The residents later recovered more than 100 spent cartridges on the spot.

The residents said the massacre occurred on the first night they mounted a community night patrol following their receipt of reports that their houses will be razed. True enough, they said, more than 40 houses were burned down some 200 meters away from the massacre site. Three days later, the residents said they saw three young men pour gasoline into the swamp near the squatter shanties before the fire.

Both the massacre and the subsequent fire came on the heels of a threat re-



portedly made by a local barangay official after two (unidentified) Defense Force (AR) operatives were shot dead and the barangay official's brother, a policeman, was wounded inside a local church last November.

The mission noted that these atrocities were never solved, although a mayor promised to look into these cases after a dialogue with the group.

[D. Mar. 30 pp. 1, 2]

[Text]

**DAVAO CITY**  
Striking workers of the Franklin Baker Company in Digos, Davao del Sur, were buoyant as they massed their picket on the night of January 10 because Labor Minister Blas Ople had just issued a return to work order that would end their month-long strike. Suddenly the lights that lit up the festively decorated firm's compound went out. A volley of gunfire followed, sending the strikers to scampers for cover.

"Libre ko! (Saved!)," triumphantly exclaimed Nestor Macanin, 26, as he emerged from cover in the stance that followed. A second or two later, a single shot rang out and Macanin fell dead from a bullet that went through his head.

When the lights went on, another striker, Willy Agustin, 26, also lay dead and 10 others bore bullet wounds.

The strikers said the shots first came from armed men in fatigue uniforms on board a speeding jeep on the road fronting the factory.

Although harassment of pickets has been common in labor strikes in Mindanao, Macanin's and Agustin's were the first reported deaths in the history of the labor

struggle in the South.

After more than a month of investigation no one has been called to account for that picket-line violence. The probe was handled by the undermanned police force of Digos, headed by a certain Capt. Rodriguez. There was no ballistic examination of the guns of the Franklin Baker security guards and military men who may have been inside the factory compound.

Rodriguez himself discounts the possibility that the strikers shot him. He claims it was he and his men who fired first. When they entered the factory after the lights went out, the police saw the pickets armed and in formation, the command and that they started shooting. They claimed the strikers started firing first and they shot.

The workers also noted that the police were not in uniform and that they were not wearing helmets. They also noted that the police were not wearing identification and that they were not wearing gloves.

One of the leaders of

the Franklin Baker Company, Agustin, was shot and killed. The police authorities are investigating the case. Agustin's widow, Adela, said that because he participated in the demonstration, he was shot and killed. She also said that she was not allowed to see his body.

The Franklin Baker Company is a large manufacturing plant in Digos. It employs about 100 workers. The company is owned by the Franklin Baker Company, Inc.

A management official said that the police were not involved in the shooting. He said that the police were only there to maintain order.

Talbot, a labor leader, said that the police were not involved in the shooting. He said that the police were only there to maintain order.

At the Franklin Baker Company, the strikers are demanding that the company pay them back wages and that it should not fire any of the strikers.

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[Text]

DAVAO CITY - "The military is playing a dangerous game."

In these words Bishop Antonino Nepomuceno, chairman of the Philippine Union for Human Rights (PUHR), expressed his concern over "disturbing" signs of the military's involvement with the People's Liberation Organization (PLO), an armed group of rebel returnees held responsible for a rash of violent incidents, including some celebrated killings in this city in recent months. The bishop led the fact-finding mission that sought to document trade union and human rights violations here.

The mission is disturbed by testimony tending to show that the military has allowed the PLO to operate freely, and which suggest that some of its activities might have had the back-

ing or even instigation of the military.

Brig. Gen. Dionisio Tan-Gatue, commander of the PC-INP Regional Command 11 headquartered here, denied to the fact-finding mission that his command was using the paramilitary force. He did not rule out, however, the possibility that some of the officers under him are "close" to the armed group and its leaders.

The mission had reported to Tan-Gatue its findings that last October 16, 7 plantation workers of the Lapanday Agricultural and Development Corp. (Ladeco) here were seized by PLO forces in this city's Barangay Mandug and delivered to the PC detachment for interrogation.

The arrest of the Ladeco workers by PLO men in behalf of the military occurred three days before the brutal slaying of Mandug's barangay captain, Alex Orcullo, pub-

lisher-editor of the militant newsmagazine *Mindaweek* and an ardent human rights advocate. Orcullo, who has since been proclaimed a folk hero here only notches before Ninoy Aquino in the esteem of Davaonians, was gunned down in front of his wife and two-year-old son by terrorists reportedly belonging to the PLO.

The military sought to pin the blame for Orcullo's killing on alleged communist rebels until Atuhakar Bantista Karasolo, alias Kapitan Inggo, the PLO's self-proclaimed chief and a former Bangsa Moro Army cadre, claimed responsibility for it. Militant lawyers and prominent protest leaders here are allegedly on Inggo's hit list.

Last September 26, less than a month before the PLO arrest of the Ladeco workers, military troops raided the houses of several of the Ladeco union's leaders and arrested Joel Maglunod, officer-in-charge of the Nathawang Namumao in Maharatang Mindanao (Niamahmin), Dominador Montera, Namahmin documenta-

tion officer, Mandio Fernando, Catalino Pantinople and Celestino Lagroma, construction workers employed by the Davao Development Foundation; and Wilfredo Limon, a guest of the Maglunods. That same day the troops also raided the Ladeco workers' union office, taking two typewriters and cash amounting to P15,000, the fact-finding mission was told. The raids and arrests were reportedly made on the basis of an alleged "confession" of Antonio Lazaga, a self-confessed rebel returnee turned military informer.

The arrested workers are still under military detention on subversion charges, as alleged members of the Communist Party of the Philippines, and are held with at least 105 other political prisoners at the PC barracks here.

The fact-finding mission tried to visit the detention center to observe the prisoners' conditions and interview some of them, but were refused entry by the military jailers.



## MARCOS CRONY ALLEGEDLY PLOTS AGAINST BENEDICTO

Quezon City ANG PAHAYAGANG MALAYA in English 1 Mar 85 pp 1, 2

[Article by Marlen Ronquillo: "Crony Wants Benedicto Out"]

[Text]

An industrialist close to President Marcos is plotting to control the sugar industry and undermine the influence of sugar czar Roberto S. Benedicto, another close friend of the President, sources here said.

The sources said the industrialist is now on a nationwide campaign to place his people in six of the eight seats slated for private sector representatives in the reorganized Philippine Sugar Commission (Phsucorn), the highest policy-making body for the industry.

"We do not know his (the industrialist's) identity because he is a corporate power in his own right, but the signs he is out to end Benedicto's reign over the industry are very apparent," they said.

The sources added that the industrialist could control the industry once his people capture the six vacant seats in the reorganized Phsucorn.

While the government has three representatives in the reorganized Phsucorn board, the first among them is the chairman, who has been under attack from the industry since he was appointed.

The industrialist's interests in the industry are also being protected by the government, sources said.

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The industrialist has been plotting to control the sugar industry since the creation of the Phsucorn, sources said. He is also the chairman of the Phsucorn board.

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Most of the sugar comes from Western Visayas, the country's biggest sugar-producing region and Benedicto's political base, he being the chairman of the Kilang Bawang Lipunan in region 6.

The sources said Malabon is having a "king-size headache" because of the power struggle between two close associates of the President.

Sugar, a P50-billion industry, is in crisis due to the low world market price, reduced demand, high cost of production and lack of liberal credit for sugar farms. It has been beset with reported massive frauds.

The government estimates more than 100,000 sugar workers are either unemployed or underemployed and that the labor picture in the industry could grow worse next year.

Insurgents have made major inroads in the sugar belts of Western Visayas and the crime rate has gone up.

Wilson Gamboa, the lone opposition member of Parliament from Negros Occidental, the province which produces 60 per cent of the country's sugar, said in earlier interviews with *Malaya* that the social condition there is "at best explosive."

Quezon City ANG PAHAYAGANG MALAYA in English 3 Mar 85 pp 1, 2

“We have shown that we have the will to organize against our immediate



The women delivering are expected to demonstrate the 1985 designation of "outstanding women, service and leadership" to be named by the "alternative revolution" of militant women capital-

At the same time, the

"It is about the cost of doing business as a people," he explained. "The price has come down to almost nothing." He said.

PHILIPPINES

CAPTURED NPA MEMBER SAYS DAVAO INSURGENTS BROKEN

Davao City PEOPLE'S DAILY FORUM in English 2 Mar 85 pp 1, 8

[Text]

The communist insurgents operating in Davao City are on the run.

Aside from that, they are also thinning in numbers as many have deserted from the movement.

These were among the revelations of a New People's Army (NPA) amason, one of the nine terrorists captured during a raid by Davao Metropolitan operatives in sitio Cong, Mandug, Wednesday night.

Alieva Bado y Salde, 27, a member of an NPA committee operating in Mandug, made the disclosure before Col. Lito Gumer Kahingag, Davao Metropolitan commander, when questioned at the office of Maj. Cesar Elizano, chief of the Metropolitan Intelligence and Security Unit (MISU) who led the raid.

Bado, second year drop out of the International Harvartian University, told Kahingag of how the NPA was suffering in the face of military offensive the past two months.

"Our morale was low. So were our financial standing and food provisions," the former common-law wife of a certain "Emil" in the underground movement said. "Sometimes we went hungry while

we carried out our recruitment activities and teach-ins in the barangays."

"These were the reasons behind our presence in Cong and to discuss with our comrades the current situation of the movement vis-a-vis military operations," Bado told investigators.

Elizano and his men raided the catchhouse in Cong at about 9:30 p.m. Wednesday.

Bado and her companions were also interrogated regarding the recent violent incidents in Mandug, a community 10 kms. north of the city proper which suffered the "burning" in November 1984 when most of its 30,000 residents evacuated to the city Sangremanang Panlungsod premises to escape a possible military-insurgents confrontation.

The peace and order condition in Mandug deteriorated following the killing of its barangay captain Alexander Orcullo, 38, last Oct. 19, 1984.

Orcullo was believed killed by the followers of a certain "Kapitan Laga" (Karselo Bautista, 40), a Muslim rebel who took revenge against NPA atrocities on fellow Muslim residents of Tigatto and Mandug. (PNA)

CSO: 4200/753

PHILIPPINES

CEBU OPPOSITION RALLY APPEALS TO MILITARY

Cebu City VISAYAN HERALD in English 2 Mar 85 pp 1, 4

[Text]

Some 400 members of different sectoral groups participated in a march and mini-rally yesterday which marked the launching of an anti-militarization campaign sponsored by the Coalition Against People's Persecution.

Starting at 2:15 p.m. the participants marched from the corner of P. del Rosario and Jones Avenue Streets towards Camp Sergio Osmeña where a mini-rally was held.

Among the battery of speakers Member of Parliament Inday Nita Cortes Daluz who participated in the rally, addressed the military including RECOM 7 chief Gen. Alfredo Olano that the campaign was not directed at the military but to the system which governs military activities. She appealed for sincere understanding of the people's plight. "Never did it happen in the history of the Philippines where Filipinos fought against brother Filipinos", Daluz said. She cited different places where things have changed, and

where Filipinos were branded squatters in their own land.

Daluz traced the root cause of the people's plight to one man who refuses to leave his supreme power and as such has used the military as his tools. She requested the members of the military whom she said she believes are principled ones to stand for the people.

The speakers in yesterday's rally included Atty. Vic Balbuena, chairman of the Coalition Against People's Persecution, Young lawyer Ricky Rama Poca, Zenaida Uy, chairman of Cebu Out Marcos Movement for the Advancement of Nationalism and Democracy, (CORD) representatives from students' group, urban poor and workers.

Eight-year-old Methushella Nava, daughter of Perla Nava, one of the striking workers of the Metro Cebu Community Hospital was the youngest speaker in the rally. (LS)

CSO: 4200/753

PHILIPPINES

PAPER SEES CONTINUANCE OF RALLIES, STRIKES THROUGH SUMMER

Cebu City VISAYAN HERALD in English 1 Mar 85 pp 2, 10

[Article by Rowena Carranza: "Long Hot Summer of Philippine Protest"]

[Text]

There are only two seasons in the Philippines: the dry, hot season and the cold, rainy season. The wet season starts in August and lasts till February of the next year. The dry season starts in March and only ends in July.

This year, however, the dry season, or summer, seems to have started early. Since the first week of February, the angry Philippine sun has been blazing unrelentingly.

The 5,000 farmers who marched 50 to 76 kilometers from Central Luzon to the office of the Ministry of Agriculture (MAF) in Manila thus braved heat, traffic and military surveillance. Many succumbed collapsed, but their companions kept on.

The march was in protest of the price increase in fertilizer and against militarization in the countryside. The farmers slept in front of MAF, made makeshift tents made of sacks sewn together. These weren't enough to keep the heat off.

"Sa gabi, ang hirap makatulog dahil mainit ang kahada." ("At night, it was difficult to sleep because the road is still too hot,") groaned a farmer from Pampanga. Indeed, the asphalt road was absorbing the sun's heat during the day, cooling off only near midnight.

Aside from the extreme heat, summer in the Philippines also means the sweet fragrance of sampaguita flowers and the pink and orange bougainvilleas in bloom. The highways in Manila are usually lined with bougainvillea plants and they still bloom despite the heat and drought. But this summer, they are not the only flowers out in the sun. Gabriela, a militant organization of women, has organized may-actions to celebrate the last year of the international decade of women and to protest women's plight in neo-colonial Philippines. No longer meek and weak, the women are taking to the streets too despite the summer heat.

The students, too, are out in the sun, braving water cannons, tear gas, and lately electric batons. They are demanding the restoration of their rights inside the campuses — such as independent student councils and student publications — as well as outside the campus — i.e., the abolition of the Preventive Detention Act (the power of the Philippine President to order the arrest of anyone suspected of violating national security laws) and an end to the control of the World Bank and the International Monetary Fund of the Philippine economy.

Meanwhile, workers continue to operate huge machines inside factories to create toys or jeans or shoes. Inside or outside, the heat beats against their bodies, further testimony to the working conditions they are protesting against.

In Valenzuela (a suburban district north of Manila) alone, there have been more than 30 strikes declared since January, with at least 25 still unresolved. Wages are usually way below the food threshold, much less the poverty threshold. They are often cheated and abused and laid off without reason. For those on strike and without food to eat, summers always seem hotter and longer.

But the other camp, too, suffers in the heat. Using heavy helmets, fiberglass shields and other anti-riot paraphernalia is now more difficult under the blazing sun. A friend has even whis-

pered that wearing a helmet prevents body heat from escaping and causes heavy sweating and baldness. Who knows, the riot squads may yet be all-bald by the time this summer is over!

Indeed, it promises to be a long, hot summer. Only a few are sure to profit from the heat — the roving buko (coconut juice with shredded young coconut) and sago (cold water with gelatin, sugar and vanilla) vendors. Perhaps while haggling or bargaining. Brig Gen. Narciso Cabrera of the Western Police District of Manila — under whose jurisdiction are the protest flash points of Mendiola and Liwasang Bonifacio — and rally negotiators can sip a cold glass of sago, and lessen a little the effects of summer heat. If not, the heat can only be tolerated so far... — *Philippine News and Features*.

PHILIPPINES

## MORE UNEMPLOYMENT PREDICTED IN 1985

Quezon City ANG PAHAYAGANG MALAYA in English 18 Feb 85 p 3

[Text] More workers are joining the ranks of the unemployed even as new entrants to the labor market represented by fresh graduates from high school and college continues to be greater than what can be accommodated by the economy, statistics from the National Economic and Development Authority (NEDA) revealed.

Combined unemployment and underemployment rates increased from 33 per cent in 1983 to 42 per cent in 1984. This means the number of workers who lost their jobs or had to resort to part-time jobs rose from 6.55 million in 1983 to roughly 8 million workers last year, the NEDA said.

The government agency traced the increased rate of unemployment to massive layoffs and retrenchment measures undertaken by hobbled industries.

Various business quarters said NEDA figures could further go up this year as more displaced employees and business closures are expected due to the prolonged economic reversals that hit hard the manufacturing, construction, wholesale and retail, and mining and quarrying industries.

This trend is also apparent from the increasing incidence of labor unrest and strikes, particularly in Metro Manila. Workers' groups are becoming more militant due to increasing prices and unheeded demands for better pay and better working conditions, observers said.

NEDA said unemployment last year hit six to seven per cent which translated to 1.17 million workers totally unemployed out of the 19.5 million total labor force.

On the other hand, underemployment or working less than the normal working hours of not less than 40 hours a week reached 30 to 35 per cent of the total labor force, involving 5.85 million to 6.825 million partially employed workers.

Even among the employed population, there are many whose incomes are not enough to raise their family above the poverty level.

Although a large number of new jobs were created in an attempt to promote trade and industrialization, NEDA said the increase in employment opportunities has not yet caught up with the increasing number of new entrants into the labor market.



Last year, NEDA estimated that only about 400,000 new jobs were created compared to the over 600,000 workers added yearly to the market. The slow job creation is attributed to the lag in the growth of the gross national product (GNP).

This implies that the estimated 200,000 excess in labor supply plus some 1,365 million totally unemployed workers will have to compete for few job vacancies.

CSO: 4200/712

## PHILIPPINES

## BISHOPS URGE REVIEW OF IMF ROLE

Cebu City VISAYAN HERALD in English 1 Mar 85 p 2

[Article by Percival Alejandro]

[Text]

Should the loans of Third World countries be written off by foreign lenders as a means of rescuing these countries from the debt trap? Or should foreign loan transactions be reviewed to determine the real extent of the debt crisis many developing countries are in?

These questions were tackled recently by the Ecclesial Bishops' Forum of the Philippines (EMFP) as part of its response to the international section of the Pastoral Letter of American Catholic Bishops released last year.

(Formed about a year ago, EMFP is an assembly of Catholic and Protestant bishops in the Philippines. It meets whenever there are vital social issues to be debated on.)

Many Third World countries are beleaguered by their inability to repay huge debts they owe to foreign creditors. To relieve them of the payment burden, thus possibly giving way to speedier economic growth, American bishops in their Letter urged the writing off of Third World debts. They also endorsed the rescheduling of debt as an emergency measure for the debtor countries.

According to the first proposal, the EMFP said in its paper that a plea for debt condonation is tantamount to an admission that the debt crisis is entirely the borrower's fault. Viewing the issue instead as a "question of justice", the EMFP called for a review of the role of the International Monetary Fund (IMF) and created and its responsibility in bringing about the debt crisis in the developing world.

Further, so the Filipino bishops asked, "Are IMF prescriptions just? When they require poor countries to pay high interest rates when they require them to accept the collapse of nations that usually accompany restructuring programs?"

The EMFP emphasized that debt condonation cannot solve the debt crisis because it leaves nations saddled with more debts than before the condonation.

The bishops' forum also took exception to the free trade policy being advocated by the US bishops' document for developing countries. It is the opinion of the EMFP bishops that such liberalization is needed so as to increase economic development of these countries.

PHILIPPINES

CLERIC ON CHURCH'S STAND, OPTIONS IN CRISIS

Quezon City ANG PARAYAGANG MALAYA in English 3 Mar 85 p 5

[Correspondence by Fr. Ruben Villote: "The Role of the Church for These Our Times"]

[Text]

Attorney Fely Aquino of the human rights movement was quoted as saying (*Malaya*, 25 Feb.) that "the Church has to project itself as a symbol of liberation to the fullest level, not only spiritually, but also politically"; that in these times of eco-political crisis and spiritual moral decadence, the Church should take a stand, and base its actions on it.

Contrary to Ms. Aquino's opinion, another human rights lawyer believes that the Church, precisely because of her fearless and unambiguous stand, has been a nuisance to many. She has been called meddler, subversive, communist, anti-Christ, and so on.

Bishop Francisco F. Claver, S.J. capitalizes the stand of the Church in these words: "On the basis of the Gospel and the Church's social teach-

ings, we (the Bishops of the Philippines) encourage and urge the faithful to work for justice, to defend and promote human rights, to have a preferential concern for the poor and the powerless. There is no question in our mind that such acts are of the Gospel flowing from the mandate of charity that is the hallmark of our Christian faith."

As early as 20 Feb. the Catholic Bishops of the Philippines issued a Pastoral Letter (A Dialogue for Peace), a lucid reflection on the "eco-political and spiritual moral situation" in the Philippines. It also served as the Church's stand on the issues of human rights, militarization, dissent, poverty, corruption, reconciliation, conversion - among others. The Church, in other words, has actually run the risk of being branded as an "opposition church" precisely

because she has made her stand too clear for comfort.

The Church, however, is a Church of many options. We believe that the Church acknowledges a certain pluralism of positions in our actions for faith and justice; we believe that she respects and challenges the freedom of every human person to form his own conscience before God in the light of the Gospel and the signs of the times.

When the Bishops make an official stand, they simply provide faith-based perspectives on the critical issues of the human condition by announcing the Good News of justice, truth, peace, hope, etc. or/and denouncing the idols and illusions that impede the coming of the Kingdom. It is not within their scope of competence to pontificate on specific eco-political strategies,

nor to lead in the implementation of such strategies. To do so would be to revive the past when the Church was believed to be the center of political history, when the clergy were considered the source of all power and initiative even in secular affairs.

So when lawyer Fely Aquino said that the Church should do this, and the Church should do that, she was not referring exclusively to the bishops and priests - we hope. She must be challenging the laity also - the whole Church - including herself. In the Philippines where an enlightened and competent laity exists, there is no need to ape Nicaragua where the clergy lead revolutions and run for public office. There is no need to return to a clericalist and oligarchic past, and be wounded all over again. The Church must be healed through her wounds.

CSO: 4200/742

PHILIPPINES

EYEWITNESS ACCOUNT OF BALWEG'S NPA RAID ON SADANGA

Baguio City THE GOLD ORE in English 2 Mar 85 p 5

[Article by Francis Dangiwan, guest columnist: "Leave Us Alone"--"A Personal Account on the NPA Raid on Sadanga"]

[Text]

SADANGA, Mr. Francisco. At around 3:00 o'clock AM this tumultuous day, February 8, I was awakened by the sudden banging of doors at five, six sleeping room. I did not move and counted myself well and went back to sleep. I was that calm, having thought my wife was sleeping peacefully. I did not realize that I was in a trap.

There also about an hour, I heard a lot of shouting and shouting. I was so busy I immediately concluded that the NPA were attacking the town. I was so busy I did not realize that I was in a trap.

Then, suddenly, I heard a loud bang. My wife was lying on the floor. I was so busy I did not realize that I was in a trap. I was so busy I did not realize that I was in a trap.

During the morning, I heard a lot of shouting and shouting. I was so busy I did not realize that I was in a trap.

There, only I was, I was so busy I did not realize that I was in a trap. I was so busy I did not realize that I was in a trap.

At the very first, I was so busy I did not realize that I was in a trap. I was so busy I did not realize that I was in a trap.

By the time I was so busy I did not realize that I was in a trap. I was so busy I did not realize that I was in a trap.

And, when I was so busy I did not realize that I was in a trap. I was so busy I did not realize that I was in a trap.

So even with the Bible, the people need strong trust and faith in what they are told. That we are just being asked to try to do what is good and in harmony with our common values is not just an empty phrase.

will suffer the consequences of the increasing and unpaying demands. Sri Lanka's broad flat forest land in western lowlands and the scrubland hills and valleys need to be treated with utmost care and attention when the rest of the European and other foreign countries look at the forest wealth to take care of our vast natural resources.

We are not against the government for what gain do we get from it when our gain is in our lands, forests, rivers and in our dignity and freedom as a people?

CSO: 4200/753

PHILIPPINES

ARTICLE ON LABOR UNREST IN MISAMIS ORIENTAL

Makati MR. & MS. in English 1-7 Mar 85 pp 31-33

[Article by Romi M. Gatuslao]

[Text]

**T**HE workers' strike and demonstrations held Thursday, Feb. 7, in Cagayan de Oro City, and elsewhere in Mindanao carried both political and economic themes. On one hand, the workers demanded an end to the increasing military intervention in their lines and the release of jailed labor leaders. They also wanted an assertion of their rights, a stop to lay-offs, rotations and retrenchments, the implementation of wage orders and lastly, the repeal of unjust labor laws.

Two government entities and a labor federation were the targets of more than 400 militant workers who took the day off from their respective companies in the city and Misamis Oriental, to march on the streets. A brief sidewalk rally was held in front of the Ministry of Labor and Employment (MOLLE) regional office specifically to denounce Batas Pambansa 130 (Anti-strike law) and 227 (Anti-scab and picketing law) as both "anti-labor."

The workers, belonging to the regional alliance of independent unions and federations called

*Vagratilusang Mamumuo sa Misamis Oriental* (NAMMO) or the United Workers in Misamis Oriental, reserved their fire for the National Labor Relations Commission demo where Executive Labor Arbiter Idefonso Achucanada particularly got their ire. On issue was his alleged bias-decisions in Cases filed by NAMMO against Lawyer Mariano Carrasco recalled how Aguirre lodged his case "wets" even without hearing the arguments of the two parties. On several occasions, Carrasco added, the NLRC could not even determine what happened to the notices of hearing they sent out to management. He contends that the inaction might have been done to soften up the complainants so that they will be forced to settle for whatever small amount the company offers them.

The scene at NLRC was a bit comic although the tone was confrontational. Suddenly, the propaganda of the Parliament of the Streets was literally broadcast at the doorsteps of the Office of Media Affairs (OMA) which incidentally housed offices near NLRC. As Jan P. Joya, a botany

writer and chairman of NAMMO, narrated verbal attacks on President Marcos, through numerous caricatures and Aguirre, government apologists stood out a few feet from him — plain naked on what to do.

The city administration saw the natural choice of the capital building. Beside it stood the office of the Associated Labor Union. Aligned with the tame Trade Union Congress of the Philippines (TUCP), ALU has always been the nemesis of militant federations and alliances in the fight for union locals all over Mindanao. NAMMO branded ALU as a "yellow union" while the ALU retorts that NAMMO is a subversive organization. Said Rudy Sambaan, secretary-general of NAMMO, "we are only defending our rights and is that what they call subversion?"

The mass leave taken by the Misamis Oriental workers caused a stop of operations in the Austrian-owned Ferrochrome alloy smelting plant whose 156 workers out of 167 participated in the rally. Another firm that was reportedly paralyzed was the Nestle-owned Filipro plant in Cagayan de Oro.

No work was also recorded by stevedores in the Philippine Sinter Company (PSC), while only a skeleton force serviced the VIP Hotel.

For labor in Misamis Oriental, the past year was bleak. Overall, lay-offs in Northern Mindanao reached the 5,000 mark and most of these were effected by industries and agribusiness. Only four strikes were listed in 1984 but two of these have dragged on for seven

months now. Failure of financially-shaky companies to implement new wage orders or keep up with the benefits listed in collective bargaining agreements have been the major cause of conflict between them and the workers. Violence has not also spared local workers with the PC's unprecedented assault on the picket line of TH Valderrama and Sons last Sept. 26. Lawyer Carrasco deplored the assault as uncalled for, as the NLRC could

have resorted to legal sanctions like fines or imprisonment, against strikers who blocked the logging company's gates. "Why the violence?" he asks.

Still there are others who have met a sadder fate like Adelino Laure, former secretary-general of the Northern Mindanao Coalition for the Protection of Workers' Rights. Kidnapped in October, 1983, Laure's fate until now is not known.

## **Iligan: Teachers and Laborers Join Hands**

**T**HE workers' strike on February 7 had a malleting effect in Iligan City — Mindanao's premier industrial city — as 43% of its plants and industries reportedly had to shut down.

The workers' protest, spearheaded by the Nagsasabing Mamamua sa Lanao (NAMASALAN) or United Workers of Lanao, was joined in by the teachers of the Movement for the Advancement of Critical Education (MACE) and students. Together, they marched from two points 15 kilometers from the city and converged at the city plaza where 15,000 Iliganians were in attendance. Of the number, 7,338 were regular workers from the city and industrial plant and 40 were from MACE.

With 300 workers refused to see military intervention in the workers' lines and their demand for an increase in their daily wage from P52.00 to P57.00, the teachers demanded for an increase in their

basic salary to P2,000 and the cost of living allowance to P700. On the other hand, the students asked the tuition fee hike at the state-owned Mindanao State University-Iligan Institute of Technology which also suffered a student boycott in October, 1984.

Lately, labor unrest has troubled Iligan's industries. Since almost two cement companies and a giant flour mill complex have struck. The strikes at Mindanao Portland Cement and Pillsbury Flour Milling, Inc. until now continues. The Pillsbury case enters its fifth month at the National Labor Relations Commission and in that span, the workers have experienced military intervention and harassment not once but five times. Last Jan. 6, one of the striking Pillsbury workers was mysteriously shot and killed in his home.

The Pillsbury workers' plight merely represent the general situation of the Philippine work force.



PHILIPPINES

COCONUT FIRM REPLACEMENT BY NINE ANALYZED, CRITICIZED

Makati MR. & MS. in English 1-7 Mar 85 pp 13-15

[Article by Jeremy Santos: "UNICOM: From White Elephant to Octopus?"]

[Text]

**N**INE firms have replaced the United Coconut Oil Mills (UNICOM). It is a case of a White Elephant turning into an octopus, industry sources revealed.

Coconut leaders claim that the sprouting of nine firms last mid-February was the start of the transformation of the White Elephant to an octopus. With its nine tentacles, the new animal in the coconut scene could virtually engage in any kind of business pertaining to coconut and other related substances and commodities.

Though it had been announced that UNICOM would be dissolved as the dominant group in the handling of the export of coconut oil, all indications point to a possible collusion between UNICOM and its affiliates, including well-known Filipino-Chinese vested groups to form a cartel and continue their dominance in the industry under newly registered firms.

This was further reinforced by the pronouncements of government authorities of the adoption of a free trading system for the coconut industry. The

recommendation, these government authorities said, was based on the findings of the National Economic and Development Authority (NEDA).

However, all indications point to a possible collusion between UNICOM and its affiliates, including well-known Filipino-Chinese vested groups to form a cartel and continue their dominance in the industry under new firms, industry sources revealed.

A Makati-based bank known for its thrust in the administration of the Coconut Industry Investment Fund (CIIF) formed nine trading companies to engage in activities specifically centered for coconut and copra operations. The companies are: Mt. Bulusan Agricultural Commodities, Inc., Malipayon Agricultural Commodities, Inc., Sharp Peak Agricultural Commodities, Inc., Lamon Bay Agricultural Commodities, Inc., Lamitan Peak Agricultural Commodities, Inc., Mt. Tauyan Agricultural Commodities, Inc., Maopay Agricultural Commodities, Inc., Mt. Boribing Agricultural Commodities, Inc., Mactan Agricultural Commodities, Inc., Bank Depository: United Coconut Planters Bank.

The companies were registered by Angara, Concepcion, Cruz and Regala Law Office.

The CIIF is a funding mechanism established to implement general provisions of Presidential Decree No. 1468. This PD required specific investments in the coconut industry and created UNICOM by CIIF purchase worth P495 million in UNICOM shares of stocks.

A check with the Securities and Exchange Commission showed the nine firms registered all in one day were largely funded by the CIIF along with oil milling companies. The firms' total paid-up capital was P225 million with the Makati-based bank as the depository of the capital.

Each of the nine firms has an authorized capital of P100 million. Some 25 per cent has been subscribed and paid-up.

SEC insiders said of a strong possibility that the creation of the nine companies was in preparation of the absorption of the contractual obligations of UNICOM. But they said that with nine new firms, the reach of these companies would surpass tenfold that of UNICOM. One noted economist went further and stated that only one company was enough. The technocrats who thought of this plan were making sure that the stranglehold of the coconut industry, can no longer be relinquished.

UNICOM, at least in name would be dissolved, under Presidential Decree No. 1468. The PD prescribed the strict measures for a structural economic and adjustment program for the local coconut industry. The decree called for the assurance that coconut farmers would gain an adequate return of investment and would honor the commitments of the cooperative endeavor of the country as well, in

the domestic and international markets, including the financial markets. All rights and obligations acquired or incurred by the cooperative endeavor in implementation of the rationalization of the coconut industry, would be maintained.

It likewise was mandated by LOI No. 726 and duly approved by appropriate government agencies such as the Ministry of Trade and Industry, the Philippine Coconut Authority and the Central Bank that the commodity held by the firms must necessarily be assigned, transferred or sold, pro rate and under reasonable terms and conditions to preserve the interests of the creditors and the contractual commitments of the cooperative endeavor, to the coconut millers and refiners who desire to service the world market, coconut farmers of the country as provided by PD Nos. 961 and 1468, as amended.

But with the supposed dissolution of UNICOM the nine companies, most economists said, would fare no better than the former white elephant. They said with the establishment of nine new companies there was a chance that history would once again repeat itself. It was gathered the legacy left by UNICOM was the P8 billion in unaccounted levy funds, \$10 million lost in the lauric market, the celebrated 1979 Anti-Trust suit. UNICOM's awesome dominance was shown when in 1981 it forced the hand of government to return the levy. Only after two months the coconut monster had the levy restored by stopping the farmers from selling their produce since the coco czars owned the mills.

Under their registered purpose, these companies are registered "to carry on a general merchandise,

trading or commercial business, to purchase, sell and deal in goods, wares, merchandise, commodities and articles of all types and description including but not limited to coconuts, copra, coconut and palm oil and all other coconut and copra byproducts, to engage in importing, exporting, buying, acquiring, holding, selling or otherwise disposing and dealing in any such goods, wares, merchandise commodities and equipment incidental and necessary thereto, and to perform any and all acts and things necessary, suitable and proper for the accomplishment of all the above."

The nine firms would be able to acquire, construct, maintain and operate mills, works, machineries, apparatus and other things for cultivating harvesting, milling, threshing and otherwise preparing for merchantable purposes, coconuts, copra coconut and copra byproduct or other agricultural product hereof, and such other equipment necessary for the transportation and marketing of the same.

These firms would have the capability to invest any and all its funds,

subject to the requirements of the law, in oil mills, and in any financial scheme and activity, such as but not limited to, investments in money market, for the advantage and benefit of the corporation.

A former monetary official when told of the nine firms' powers said these guys must be preparing for the worst to ensure that they would be able to control the industry for a hundred years. If Hitler had grand designs, their designs are worse, he added.

The International Monetary Fund had talked to the country's top officials for the removal of the coconut monopoly. The government led by the NEDA had denied this IMF prescription based on its Letter of Intent when it was securing the \$925 million stand-by loan. But ASEAN commodity representatives said it was common talk among bigwigs that the dismantling of the UNICOM started after copra smuggling escalated to its highest levels among neighboring countries after the coconut replanting program was not met and millions of pesos were simply pocketed by local coconut growers. **MM**

27 April 1985

## PHILIPPINES

## PRO REGIME PAPER HITS REAGAN SUPPORT OF ROK

Manila PHILIPPINES DAILY EXPRESS in English 2 Mar 85 pp 4, 5

[Article by Nestor Mata in "The Foreign Scene" column: "The Trouble With Reagan"]

[V. C.]

**T**HE TROUBLE with US President Ronald Reagan is that when it comes to other countries — particularly Asian countries — he is often apt to shock the world with statements which evidence neither a mastery of world developments nor an understanding of individual national aspirations.

Take his more famous statement regarding the Philippines made during his pre-second term electoral campaign. In the course of his interview demerits with Democratic challenger Walter Mondale, Reagan was asked about the situation in the Philippines and he answered with conviction that the only alternative to the present regime here was a communist take-over which, he claimed, is naturally unacceptable to the United States.

The US State Department immediately after that fell all over its back to placate a growing domestic opposition here, an opposition which the American president had either ignored or of which he was altogether unaware.

Now, in the case of South Korea, Reagan has come up with another claim. South Korea, he claimed right after the infamous Kim Il-Sung airport arrival incident, is a working democracy.

Perhaps Reagan's Alliance of the regimens of strongman Chun Doo-Hwan is understandable. South Korea is the only bridge between the communist in China and North Korea and Washington's ally in the rest of Asia.

This is a strange argumentation like Reagan can stroke a couple of words of it. In fact, Kim Doo Jung — before he decided to return to Seoul — made frequent mention of the fact that the Reagan administration had not been as effective in pressuring the Chun government to institute democratic reforms as he had expected.

And how, indeed, could Reagan do so when in the US President's mind much of the democratic ferment in authoritarian regimes may be synonymous with communist insurgency?

Reagan will never describe the government in Seoul as a dictatorship.

Any day should be when the specter of communist

China and communist North Korea – not to mention the expanding presence of the Soviet Pacific fleet – probably gives him and his fellow anti-communists in Washington nightmares?

No doubt, to Reagan and his conferees, any regime is good enough even if it maintains only a semblance of democracy for world consumption, as long as it saves off the communist threat on the U.S. and its allies.

After all, as some Washington officials are quick to point out, the Chun government does provide South Koreans with three freedoms – freedom of religion, freedom of movement, and freedom to change jobs.

All other freedoms lacking can be conveniently ignored.

Besides, Chun, they point out, already released 1,000 political prisoners, and never mind if he did so just before the parliamentary elections.

The fact, too, that Chun has always cooperated with the Reagan administration cannot be discounted, nor the relationship between the two capitals endangered.

And lest we forget, there are also some 39,000 U.S. troops still in South Korea as part of America's continuing commitment to its worldwide role as the defender of democracy and the enemy of communism.

Not, of course, that the South Korean opposition is communist nor will their ascendancy in Seoul necessarily precede a communist takeover.

Reagan is not about to make the same remark, not after the voluminous corrections his own State Department had to make after his remark on the Philippines.

But, as has been noted about the Reagan administration, it will hardly endanger a government-to-government relationship with a rightist administration anywhere else in the world, certainly not for a group of oppositionists, or even for a national clamor for democratic rights.

It is more possible that the Reagan administration will reason out, as one state department official was reported to have explained about South Korea – it's not a democracy, but there are democratic processes.

And who cares how ephemeral those democratic processes really are?

PHILIPPINES

VERITAS ON STATUS OF 11 MAJOR INDUSTRIAL PROJECTS

Quezon City VERITAS in English 3 Mar 85 p 18

[Article by Gin Gin Perez]

[Text]

**W**HAT's the status of the 11 major industrial projects (MIPs) once touted by government bureaucracy as the cornerstone of the country's industrialization?

The seven MIPs include the aluminum refinery plant, the copper smelter project, the aluminum smelter project, the diesel engine manufacturing project, the cement industry rationalization program, the coconut industrialization project, the integrated iron and paper program, the petrochemical complex project, the heavy engineering industries project, the steel mill project and the diesel project.

The projects were envisioned to serve as the infrastructure that will link together all local industries and were furthermore intended to develop the country's hazy industrial growth. To this end, the projects were meant to provide the base on which smaller manufacturing and service projects may be established. The latter in turn were supposed to effect the dispersal of industries and generate employment opportunities in the rural areas.

Considered then, capital investment of at least \$6 billion as of 1981. The last thing they needed was a run into a head-on collision with an economic crisis. What a predicament what happened.

How could the disaster have been avoided?

The term "eleven MIPs" was coined by Trade and Industry Minister Roberto V. Ongpin when he assumed the helm of the Ministry of Industry in 1980. The planning of many of these industrial projects, however, started earlier under the term of Minister Vicente T. Paterno.

"During my time in the Ministry of Industry there was no such thing as the 11 MIPs. There were already some projects which we were pursuing like the copper smelter, fertilizer, alcohol, diesel engine and the conversion of cement plants to coal," said Paterno who resigned his post in 1979.

Ongpin started his term by imposing lofty goals for his office, the most ambitious of which was the 11 MIPs. When he announced the list, he even dared to set a timetable for their completion; all eleven would be operational by 1985.

But a lot of things have happened since then. A majority of the projects are in limbo but no one has dared to challenge Ongpin's account for planning.

According to the National Economic and Development Authority report which came out in mid-1984, the implementation of a number of the capital intensive projects has been deferred.

The report said, "Letter of Instruction 1234 has been issued deferring implementation of major projects which involve substantial capital investment, namely,

the year-around income, pulp and paper plant, aluminum smelter plant, diesel engine and the high torque diesel engine on gear."

Regarding the other industrial projects, the report indicated that progress in the copper smelter plant is now operating at a capacity of 100,000 tons per year, the Philippine Tractor Corporation has been producing low horse power diesel engines at an average of 400 units a month; the sulfuric acid plant under the phosphatic fertilizers plant is now 70 per cent complete (see also Filipino Tech. 12, 1953); eight cement plants under the coal conversion program have fully converted to coal; structural steel are being erected in the pine oil and fatty alcohol plant under the coconut industry; iron-ore smelter project while construction of its large wheel and off-shoots are now completed and the shipment of equipment supplies have started; construction of two large processing complex has resumed under the Integrated Steel Mill project has been comparatively completed because of financial constraints.

A survey conducted by the members of the Philippine Economic Society in March 1954 placed the major industrial projects of the third welfare in the government programs which were ineffective in improving the general economic welfare of the country. The top two superficial government projects listed were the KKK and the Serrano Viceroy.

Former Minister Paterno believes that the main reason of the projects set under Minister Dizon

was not effective.

"How can you establish a two-hundred dollar project at a time when you are asking for a reorganization of your human life?" asked the former Minister Dizon.

With the government's poor record in business, experts are furthermore apprehensive about the use of the people's money in these projects.

"The government should not use the money of the people for investment in industry because when they lose money, the money is really lost," Paterno said.

Paterno also added that the industrial projects should be modified to reflect the present economic situation of the country.

Paterno, however, hastens to add that some of the projects are intrinsically sound while the others are really bad projects.

"There are some of them which I feel are not appropriate for the country's welfare because they require too much money for the output of the country is small. It is not for the maximum economic value of the plant," he explained.

Why then had the Ministry insisted on pursuing the projects given the current economic situation? "The reason could be that the Ministry of Trade and Industry had committed itself publicly to finish these projects and, as a matter of saving face, it had to continue pursuing it," Paterno added.

Inasmuch as the government is exerting a lot of effort in matters involving the country's economic development, and considering that the plant the minister was in mind for the rest of the decade.



PHILIPPINES

AUSTRALIAN INVESTMENT FREEZE FOR TWO YEARS

Manila PHILIPPINES DAILY EXPRESS in English 1 Mar 85 p 9

[Article by Arleen C. Chipongian]

[Text]

AUSTRALIAN investors would not make additional investments in the Philippines in at least the next two years because of the "unsatisfactory" performance of existing Australian investments in the country.

The announcement follows a statement by Sir Robert Clarke, Australian Minister of Industry, Commerce and Consumer Affairs, who said that the "highly" inflated inflation rate in the Philippines would lead to a "freeze" on new investments.

Clarke, Secretary of the International Business Management Services (PMB) - Australia's largest

industrial conglomerate, told delegates to the ongoing joint meeting of the Philippines and Australia business associations in Manila that the most Australian investors would do is under existing investments in the country.

He said that it would be the decision made by Philippine investors on their local ventures.

Clarke noted that the prevailing "unstable" economic prospects in the country is made due to the political problems and the negotiations on the \$2.5 billion external debt of the Philippines.

He, nevertheless, stressed that Australian investors have received "definite signs of recovery" for the Philippine economy and expected that to go on full swing by early 1986.

Australian equity investments in the Philippines last year dropped by 10 percent to P12 million from P61 million in 1982.

27 April 1985

## PHILIPPINES

## MARCOS GRANTS AMNESTY TO 35 ON FIREARMS VIOLATIONS

Manila BULLETIN TODAY in English 3 Mar 85 p 5

[Text]

President Marcos has granted amnesty to 35 persons who were arrested, charged with, or convicted of illegal possession of firearms and ammunition and explosives.

Camp Aguinaldo authorities said the amnesty was recommended by a military review commission, the Constabulary judge advocate general, and Defense Minister Juan Ponce Enrile.

Enrile directed Lt. Gen. Fidel V. Ramos, acting Armed Forces chief of staff, to implement the amnesty order in accordance with Presidential Decree 1745.

Given amnesty were Mamerto Aldemita, Felix Aripai, Augusto Buenaventura, Efren

Clarito, Carmen Fabian, Rodrigo Florante, Joventino Francisco, Florendo Gonzales, Protacio Inocencio, Jesus Mira, Ernesto Ocampo, Raul Refe, Joel dela Rosa;

Jesus Tiu, Alfredo Ulatan, Norberto Deomanpo, Romelito Torres, Florencio Amular, Rogelio Bayangos, Daniel Seco, Roberto Disoderio, Jacinto Fabian, Fausto Flores, Sixto Garcia, Domingo Puzon;

Constancia Makalingcad, Leon Mulloz, Rogelio Payawan, Dominador Vergel, Liberato Sese, Maximino Torriño, Rogelio Victoriano, Mariano Morales, Noel Ulit, and Romeo Mananghaya.

CSO: 4200/752

PHILIPPINES

KALAW WARNS AGAINST COMMUNIST INFLUENCE ON 'CONVENORS'

Manila BULLETIN TODAY in English 1 Mar 85 p 5

[Text]

**CEBU CITY —**  
Opposition Member of Parliament Eva Estrada Kalaw warned yesterday against the communists influencing the members of the Convenors' Group.

Speaking before the Association of Cebu Journalists (ACJ), Kalaw said Mrs. Cory Aquino, Lorenzo Tañada, and Jaime Ongpin have become unwitting tools of the communist movement.

Kalaw, who is the president of the Liberal Party, said communism has gained inroads in Philippine political life.

She alleged that some forces behind the Convenors' Group are out to destroy legitimate opposition leaders who are in parliament, in an effort to monopolize the opposition in the country.

The communist strategy, Kalaw said, is to split the opposition on the American bases issue because of the traditional disunity among various opposition groups on this matter.

Kalaw pointed out the fact that the current bases agreement is not due for negotiation until 1991.

According to Kalaw, the reason for the disunity of the Philippine opposition today is ideological, not personal.

Kalaw said the National Unification Council and the Convenors' Group can still unite if ideological differences are abandoned. If not, Kalaw said, she will fight on two fronts; against both the Marcos administration and the communist-inspired opposition. (Cerge Remonde)

CSO: 4200/752

PHILIPPINES

ZAMBOANGA MASSACRES LAID TO NPA

Manila BULLETIN TODAY in English 2 Mar 85 p 8

[Text]

PAGADIAN CITY

— Nine persons, including a family of five, were massacred by suspected members of the New People's Army Sparrow Unit in two separate incidents last Wednesday in Tukuran town, Zamboanga del Sur, it was learned here yesterday.

Meanwhile, another group of rebels burned down last Tuesday night the public elementary school building of Barangay Commonwealth in the adjacent town of Aurora.

Lt. Col. Jesus Guerzon, PC-INP provincial commander, identified the members of the slain family as Raymundo Pameron, 48; his wife Alicia, 45, who was eight months pregnant; his daughter Marilyn, 12; and sons Randy, 10, and Irwin, 14.

Another daughter, Carmelina, 16, escaped unhurt by

jumping out of the window. Guerzon reported to PC Region 9 Commander Col. Carlos Aguilar.

A belated police report said Pamiron and his family were about to take their supper in Barangay Tabuan when the armed men barged into their kitchen and fired at them one by one.

All died on the spot. Police found empty shells of M-16 Armalite rifle at the scene of the massacre.

Killed in the other incident were Pedrito Sillanag, 35; Rodolfo Rosalijos, 28; Rogelio Pamo, 42; and Victor Pitogo, 38, all farmers of Barangay Sambulawan.

Police said about 10 dissidents picked up the four farmers one by one from their respective houses, took them to the barangay plaza, tied them to a post and then gunned them down.

CSO: 4200/751

PHILIPPINES

VIRATA NOTES DECLINE IN PRICES OF TRADITIONAL EXPORTS

HK031601 Manila TIMES JOURNAL in English 3 Apr 85 p 16

[Text] The country can no longer rely on its traditional export products, Prime Minister Virata said.

Virata, also finance minister, said that the prices of traditional products such as sugar, coconut and copper have substantially declined.

He said that "it was unfortunate that we relied for a long time on these products."

Virata hinted that the reliance of the country on these products could be partly blamed for the stunted growth of Philippine exports earnings. He said that the government is now developing strategies aggressively on promoting non-traditional products as the country's main exports.

He identified electronics, garments and finished wood products as the country's next major export product lines. "We have no choice but to change our export product lines as we can no longer rely on our traditional exports," Virata said.

He cited the export price of sugar which recently plunged to four U.S. cents per pound. He said that each farmer has to spend some 14 cents to produce a single pound. Sugar, until 1976, has been the country's top dollar earner.

He also said that copper prices have continually gone down compared to their peak prices in the past.

Virata said that electronics have now gained prominence on the world market which the country could take advantage of. He said that, for instance, the rise in the country's export last January this year could be attributed to the increased electronics exports of the country.

January exports figures amounted to \$395.48 million, up by 13.76 percent over January of 1984.

CSO: 4200/739

27 April 1985

## PHILIPPINES

## CONSUMERS' CONGRESS DEMANDS RICE INSTITUTE OUSTER

Quezon City ANG PAHAYAGANG MALAYA in English 1 Mar 85 pp 1, 8

[Article by Ellen Tordesillas]

[Text]

The International Rice Research Institute (IRRI), credited for having initiated the so-called "rice revolution" became the object of condemnation yesterday at the 1985 Consumers' Congress held at the Philippine Normal College Health Auditorium.

The Citizens' Alliance for Consumers Protection (CACP) passed a resolution demanding its ouster from the country.

CACP also demanded that IRRI make a full accounting of its activities and experiments, particularly those affecting agriculture.

It further sought monetary compensation for what it called the "destruction of the country's soil, water and air caused by the toxic chemicals introduced by IRRI."

CACP also demanded for the return of the so-called indigenous seeds which have vanished from the rural areas and are reportedly being kept by multinational companies.

Dr. Burton T. Onate, professor of UP, Los Banos and past president of the Philippine Agricultural Economics and Development Association (PAEDA) and of the Philippine Statistical Association (PSA) warned of a "slow, white death" that millions of poor Filipino farmers are being subjected to because of the poisons and chemicals that have to be used with IRRI seeds.

Onate said that the accumulated effects of those poisons will result in deaths similar to those that befell victims of the Union Carbide Pesticide plant accident in Bhopal, India.

"In 16 to 20 years our rural population will show symptoms of poisoning,

which include badly inflamed eyes and blindness, vomiting and breathing difficulties," Onate warned.

Onate said that IRRI, which was established in 1960 with the Ford and Rockefeller Foundations as its major financiers, initially had an image of being a philanthropic agency.

However, he noted that the "recent economic crisis in the country clearly indicates that this IRRI technology has made the Philippines hooked to and fully dependent on technology mixes available only from the developed world and the multinationals who in turn are the financiers of IRRI."

He debunked the government's claim of self sufficiency in rice. "High imports of wheat to about one million tons in 1982/83 and large imports of rice (230,000 metric tons in 1984 to March 1985) show that the Philippines is not self-sufficient in rice even,

during the so-called golden years due to substitution effects of high wheat imports," Onate said.

Onate said one of the most condemnable acts of IRRI was the destruction of the country's soil. After about 25 years of using IRRI seeds and excessive application of imported fertilizers and insecticides, the rice farmers found that IRRI technology had destroyed and alienated the natural riches of their land.

Onate said more virulent types of insects have emerged as a result of IRRI technology.

Onate lamented the loss of traditional seeds like "Wag-Wag" and "C-4" which can no longer be found in rural areas, as these have all been reportedly confiscated by IRRI and are being kept by multinational companies with interest in Philippine agriculture to prevent farmers from going back to their traditional method of farming.

CSO: 4200/742

27 April 1985

PHILIPPINES

RELEASE OF RICE CROP LOANS COMES SLOWLY

Manila BULLETIN TODAY in English 2 Mar 85 p 17

[Text]

The Ministry of Agriculture and Food has expressed fears that the targetted rice production under the intensified rice production program (IRPP) may not be attained because of delays in the release by the Central Bank of funds to different fund conduits.

Ministry officials yesterday said only some P300 million out of P450 million allocated for the crash rice production program had actually been released to the different fund conduits.

Preliminary statistics of the National Food and Agriculture Council as of Feb. 11 showed that the amount of production loans that have so far been extended by the different fund conduits to farmers totalled only P23.421 million covering 7,807 hectares out of the 150,000 hectares target hectarage for the IRPP.

Based on NFAC statistics, the Nation-

al Food Authority extended the biggest amount of production loans which totalled P8.005 million, covering 2,968 hectares.

It was followed by the Land Bank of the Philippines which disbursed P6 million covering 2,000 hectares, followed by the Philippine National Bank with P4.308 million involving 1,436 hectares.

Rural banks have extended loans of P2.521 million covering 840.52 hectares followed by cooperative rural banks with a measly P1.688 million involving 562.66 hectares.

The Confederation of Rice and Corn Millers Association reportedly extended some P10 million as of early this week.

The amount of production loans given by the different fund conduits, including Planters Products, Inc. and Farm Systems Development Corp., is not yet available. (J.C. Concepcion)



PHILIPPINES

PAPER COVERS MOURNING OF SLAIN NPA LEADERSHIP SUSPECT

Quezon City ANG PAHAYAGANG MALAYA in English 17 Feb 85 p 8

[Text] The alleged New People's Army (NPA) chief in Mindanao Merardo Arce was laid to rest yesterday at the Manila Memorial Park in Paranaque after simple rites during which family and friends strongly if indirectly denied the military's communist tag on him.

A manifesto distributed during the interment rites said "we feel we are doing him a great injustice if we do not speak our minds and tell our people who Merardo Arce really was... he was very much a part of the mass struggle that has now been proven correct in its piercing analysis and condemnation of the exploitive and oppressive structures that even today make slaves of our people."

Arce is survived by wife, Lecifina, an ex-detainee, and eight-year-old daughter, Liwayway. His mother Estrella, a government official, and his father Jose, a civil engineer, could only weep.

His brother Pete, an insurance executive, however, spoke during the solemn ceremonies saying in Tagalog "hindi pangkaraniwang tao ang aming kapatid. Naniniwala siya at pinanindigan niyang kanyang prinsipyo hanggang sa huli."

His co-artists in Panday Sining, the cultural group of the Kabataang Makabayan (KM) sang his favorite stanza from a nationalist song - "ang magbuhos ng dugo para sa bayan ay kagitingang hindi malilimutan; ang katawang imalay sa lupang mahal ay mayaman sa aral at kadakilaan..."

This dramatized the protest movement in the early 1970s during which Arce was an active student leader at the University of the Philippines where he enrolled in an architectural course.

"We have lost a good man but it was a gain because we learned so much from him and these are lessons on how to really serve the people," cried playwright Bonifacio Ilagan, now a professor at the University of the Philippines, who was closest to Arce in their student days.

The activist headed the Panday Sining until 1972 when the KM was outlawed when martial rule was imposed by President Marcos.

The military said he was killed in a shoot-out in Cebu Feb. 6 after he and two others failed to stop their car at a police checkpoint. One of his alleged companions escaped and the other was identified as Jose Diaz, alleged intelligence and finance chief of the Communist Party of

the Philippines-New People's Army (CPP/NPA) in Mindanao.

Arce was first identified as a certain Guada Quevir, one of the suspected triggermen in the killing of Cebu city radio commentator Vicente Villordon late last year.

Arce's family denied he was anywhere in the Visayas during the Villordon murder and said that Arce's body bore signs of torture - two of his fingers were missing and some of his bones were broken.

PHILIPPINES

BATAAN DRIVE TO COUNTER PROPAGANDA REPORTED

Manila BULLETIN TODAY in English 18 Feb 85 p 9

[Article by Efren P. Molina]

[Text]

BALANGA, Bataan — Military leaders in Bataan have launched a campaign to counteract anti-government propaganda by subversive elements.

Col. Jose S. Andaya, Bataan PC-INP commander, initiated the campaign by holding dialogues with municipal and barangay officials and community leaders. Speakers in the dialogues, aside from Andaya, included police Col. Delfin M. Alonso, PC Capt. Rogelio M. Quilao and Capt. Reynaldo Diosomito of the Philippine Marines.

The campaign, which has already covered 10 towns, is part of the military's program to bridge the gap between the military and the civilian populace and to win back the hearts and minds of those who have turned their backs against the government.

In earlier dialogues, Colonel Andaya spoke on the evils of communism. He urged the people to desist from joining any subversive activity.

Grievances aired in open forums included economic difficulties, military abuses, red tape and corruption in certain sectors of the government, high prices of essential commodities, and lavish government spending.

Fr. Romeo Banaban, parish priest of Mariveles, spoke against the military in a dialogue held yesterday in Mariveles. He questioned the presence of soldiers in the vicinity of the conference hall.

He walked out of the conference after his charges were disproved by Colonel Andaya and Captain Diosomito.

CSO: 4200/712

PHILIPPINES

CENTRAL LUZON WATER LEVELS DANGEROUSLY LOW

Manila BULLETIN TODAY in English 18 Feb 85 pp 1, 13

[Text] **SAN FERNANDO, Pampanga** — The water level in the Pantabangan dam in Pantabangan, Nueva Ecija, has dropped to 15 meters below the ideal level threatening the rice production in three Central Luzon provinces.

Officials of the National Irrigation Administration (NIA), the caretaker of the dam, disclosed that the dam's water level is at a very low level of 194.8 meters, which is "15 meters below the ideal 210-215 meters."

The officials said that with the onset of summer, it would be "remote" to increase the dam's water level of the ideal depth of 215 meters.

It was learned that because of low water level, the dam is now operating at only 60 percent of its normal capacity.

Unless heavy rains fall this early, the yield of the thousands of hectares of ricelands in Pampanga, Nueva Ecija, and Bulacan may drop sharply and aggravate

the living conditions of the farmers in the three provinces.

Officials reported that the dam and its reservoir have not yet fully recovered from the effects of the year-long drought in 1983 when even the old Pantaba-

ngan town which was buried by the dam had re-emerged due to the recession of water.

The dam, which is under the Upper Pampanga River Integrated Irrigation System (UPRIIS), provides irrigation water to ricelands in the towns of Arayat and Candaba in Pampanga; San Miguel, and San Ildefonso in Bulacan; and Munoz, Sto. Domingo, Quezon, Rizal, Llanera, Gen. Natividad, Talavera, Atiaga, Zaragoza, Sta. Rosa, Jaen, San Antonio, San Leonardo, Peñaranda, Gapan, San Isidro, Cabiao, and Cabanatuan City in Nueva Ecija. The area used to be

country may take a longer period to accomplish, it was learned.

The lack of water is an additional burden to farmers in the three provinces who are already reeling from the high

called as the "rice granary" of the Philippines.

Due to the low water level in the dam, government efforts to stabilize rice supply in the

CSO: 4200/712

27 April 1985

## PHILIPPINES

## POWER LINE PILFERAGE CHANGES NEGRENSSES LIFESTYLES

Manila BULLETIN TODAY in English 18 Feb 85 pp 7, 15

[Article by Pinky Concha Colmenares: "Pilferage of Transmission Power Lines Changes Negrenses Lifestyles"]

[Text]

**A**LREADY beleaguered by a sugar crisis, Negrenses have to deal with another problem: The sporadic pilferage of their transmission power lines.

Ten months of on-and-off power supply in Negros Occidental has already done more than change their lifestyles. The rampant pilferage often directed along the Mabinay-Bacolod 138 KV line has instilled a fear that in the countryside lies a threat to their livelihood.

Recently, a Presidential Detention Action (PDA) was served to four people in connection with the pilferage of NPC's aluminum wires. Only three of the suspects have been apprehended. They are

Dennis Ko, a businessman, who was previously charged for theft and fencing; Patrolman Bumbo Moralla, apprehended while allegedly escorting a shipment of aluminum wires; and Elmer Lim, the truck driver.

Still at large is Leo Balisario, a businessman.

The pilferage operations come at a time

when their province's economy is experiencing its slowest movement with this one-crop province reeling from the lowest sugar prices in the world market, and the unavailability of crop financing.

This vandalism and theft have cost the National Power Corporation (NPC) P41.78 million arising from some 102 steel and wood towers damaged and stripped of wires. (Many of these towers were even toppled to the ground). Already, 150 kilometers of aluminum wires have been stolen.

The first tower lost was reportedly destroyed by the New People's Army (NPA) last April. In between the on-going pilferage, a typhoon in September brought down several electric lines, causing a major power interruption for 26 days.

Last December, the whole province had no power for 28 days after several transmission towers were damaged and wires stolen by still unidentified men. Only last month, another tower was toppled, while another stood on

only one leg (the other three had been sawed off) causing 10 days of power interruption.

The power supply of the province is provided by the NPC Palimpinon Geothermal Plant in Negros Oriental. There are 272 towers carrying the power from the Oriental side to the Occidental cities. It runs over a hundred kilometers, mostly through mountain barriers of the south which are known NPA strongholds.

The wires stretch out above backward barriers bringing electric power to the cities, while it leaves under it communities still unaware of the benefits of electricity.

It is around those areas where the poorest citizens live. Most of them are farmhands now out of jobs because of the sugar crisis.

Meanwhile in Bacolod City, viewed by many authorities as the "target" of these operations, economic activity stops whenever any line problem occurs. Many businesses have finally become bankrupt, aggravating further the unemployment problem.

NPC's senior vice

president for utility operations in Visayas and Mindanao, Gen. Mamerito Bocanegra, is convinced the problem is "commercially motivated." He pointed out that since aluminum wires cost from a low of P22 a kilo, the hundreds of tons already stolen should have netted a tidy sum.

The problem, though, is not a simple case of theft, it is "economic sabotage," an act punishable by death. During the weeks that follow each pilferage, the cities were given up to only three hours of electricity daily.

Bocanegra believes the operation "involves a big number of people, most of them with guns." The guns are needed to defend themselves from uninterested parties and local residents if any should witness their activities.

The operation also needs "a certain kind of expertise," Bocanegra said, noting how adept the perpetrators are in tripping off lines and cutting them off.

And finally, because of the commercial value

of the haul,"everyone's efforts are rewarded," he said.

The identity of those responsible can be anyone's guess. The authorities have only alluded to "local officials and private individuals" as supposedly involved in the operation. A few arrests have been made, while a container van was reported to have been detained at the Bacolod pier when authorities found tons of aluminum wires in it.

Monitoring the long stretches of electric wires is almost a "hide-and-seek" job for the NPC. They have no "eyes" that can monitor an on-going pilferage and only learn of it when the power goes off.

The frustrating thing about this, Bocanegra said, is that while the NPC repair crew is out repairing one portion of the line, another pilferage is going on in another part of that stretch.

Bocanegra said it is impossible for the NPC to assign security guards along the one hundred kilometers of

wire. "Securing the lines cannot be done by NPC alone. It needs the cooperation of all the people of the province, especially those who live near the lines," he said.

"Never in the history of this electric company has anything of this nature set back the country's electrification program," he said.

The Palimpinon plant was designed to supply the province's power needs. It was in May 20, 1984 the whole transmission facilities were completed and an interconnection between the

two provinces was made.

Obviously, without the power from the Palimpinon plant, the electricity consumers will continually suffer power shortages should additional pilferages occur. The local electric cooperative — Central Negros Electric Cooperative (Ceneco) — which services the Bacolod area, cannot adequately supply the power needs of its consumers. Ceneco president, Floridel Villadelgado, admitted that the cooperative's diesel plants need major repair and rehabilitation in order to adequately meet the needs of its consumers.

"It was only during the advent of geothermal power that we had the opportunity to attend to major repair and rehabilitation work, but hardly had we started on some units when we were caught with these sudden emergencies. Rehabilitation work on our biggest unit met foreign exchange restrictions for the importation of the needed parts. It suffered timetable setbacks due to certain technical procedures and requirements which demanded special tools and the services of foreign technicians," Villadelgado explained.

The electric coop's problem pushed them to present a proposal to NPC president Gabriel Y. Iñigo recently. The

assignment of a power barge to the city; transfer of NPC's diesel units in Amlan, Negros Oriental, the Ceneco's Talisay plant; and the takeover by the NPC of the operation of Ceneco's diesel plants.

Villadelgado can only see relief from the pilferage if these proposals are granted.

Meanwhile, Negrenses have learned to change their lifestyles.

But even that is not noticed by the restless peasants in the countryside whose existence have gone from bad to worse.

As one citizen noted: The Communist ideology sells faster on an empty stomach.

Those stomachs will stay empty with economic activity slowed down by the pilferage operations along the wires that stretch above these dark barrios.

PHILIPPINES

MISG ABUSED DECRIED; OLIVAS KIN VICTIMIZED

Manila BULLETIN TODAY in English 18 Feb 85 p 8

[Excerpt]

At the height of martial law, Lt. Brig. Gen. Prospero Olivas formed an elite group within the PC Metrocom which he headed then and now. He called it the Metrocom Intelligence and Security Group (MISG). Little did Olivas, who is now on leave, know that the MISG, his "baby" would become a monster years later.

The MISG, this writer submits, has been responsible for the solution of big and sensational crime cases in recent years. The rescue of the daughter and niece of millionaire-businessman John Gokongwei from kidnapers. The busting of the "Light A Fire" movement. The arrest in Manila of all those who took part in the robbery of the Central Bank offices in Bicol.

But it seems that the good things that the MISG has done are far outweighed by the abuses committed by some of its members. MISG men have been involved in practically all kinds of crimes, from robbery, gun-for-hire, to rape.

Last Feb. 12, an MISG agent and two other PC soldiers kidnaped a 25-year-old police victim whom they suspected of having stoned their car in a neighborhood in Sampaloc. The guy was recovered a few days later in Laguna, a victim of torture. His head was bashed in, his good leg mutilated and a halved newspaper rammed down his throat.

The victim of that despicable torture was 25-year-old Alfredo Olivas, a fifth year engineering student. He was a nephew of Maj. Gen. Prospero Olivas.

CSO: 4200/712

PHILIPPINES

MILITARY LAUNCHES CAGAYAN CIVIC CAMPAIGN

Manila BULLETIN TODAY in English 18 Feb 85 p 10

[Text]

**CAMP ADDURU,** Tuguegarao, Feb. 17 — The PC-INP regional command here has mobilized all local and national government agencies in Cagayan Valley in implementing the civic action program launched by President Marcos recently.

Named "Project Katatagan," the program calls for the construction of school buildings, potable water system, small irrigation systems and farm-to-market roads instead of military force in the fight against

insurgency, said Brig. Gen. Thomas P. Manlongat, 2nd PC-INP regional commander. Manlongat said that he had asked all line agencies and local governments here to submit immediately a list of their ongoing and proposed projects, especially in critical areas, for inclusion in the program.

Manlongat directed Maj. Jose C. Montecarlo, assistant chief of staff of civil military operations and command spokesman, to coordinate the collection of the lists of

all the projects.

Montecarlo was also directed to set up a regional monitoring center as ready reference for all agencies and to solve unnecessary delays or miscoordination.

On the other hand, Cagayan Gov. Justiniano P. Cortes directed Provincial Development Coordinator Jose Lappay to submit immediately all ongoing and proposed projects to the Katatagan Operations Center.

Cortes also asked all mayors to submit to him their proposed security and development programs for consideration. (Pete Mahumay)

CSO: 4200/712



PHILIPPINES

NPA, AFP COMPETE IN ILLEGAL COTABATO LOGGING

Davao City THE MINDANAO MIRROR-BULLETIN in English 18-24 Feb 85 pp 1, 9

[Text] The military and the New People's Army (NPA) are competing in the logging business in the province of South Cotabato.

This was the statement, sort of allegation, made by assemblyman Rogelio Garcia of the same province during the presentation of agency budget proposals for 1986 of Region XI at the regional development council (RDC) meeting at Terasa Mesa in Davao City last week.

The Garcia statement came during the question and comment portion of the presentation of the proposed budget for CY 1986 of the Bureau of Forest Development (BFD).

The assemblyman from South Cotabato who is an oppositionist, asked BFD director Josue Tadle to comment on the prevalence of such illegal logging activities in his province as well as the wanton disregard of forest laws in the region.

Garcia's disclosure was tied up with his reaction to the very sharp increase of the proposed BFD budget for 1986 from the 1983 regional budget allocation. The approved current budget of the bureau is a little over P25 million while its proposal carried a total of about P35 million or an increase of about P10 million.

The oppositionist asked the BFD head to justify his request for additional appropriations for the following year even as he chided the director for

his bureau's inability to implement laws for forest conservation.

Garcia asked Tadle what his bureau has done insofar as the compliance of reforestation of logged-over areas by the logging concessionaires. He also said that in his province he seldom hears of forest guards doing patrol work. He claimed most of them guard the forest either at their residences or in nightclubs and beer joints.

Garcia also took to task the BFD regional head of the unchecked overshipment of logs exported abroad.

Tadle, however, argued that such practice of overshipment and diverting of logs at checkpoints have already been stopped under his administration.

He also claimed that a good number of concessionaires have complied with the government's order to reforest their areas.

The director ended his justification with an appeal to Garcia to help in the approval of the BFD proposal at the Bataan. — (Vic Sumalinog)

CSO: 4200/712

PHILIPPINES

STATEMENT ASSAILS EXTENSIONS OF FLAG RANK OFFICERS

Quezon City ANG PAHAYAGANG MALAYA in English 18 Feb 85 p 5

["Standpoint" Column by Eusebio S. San Diego: "Why AFP Junior Officers Are Restless"]

[Text] A group of relatives, friends and sympathizers of junior officers of the Armed Forces of the Philippines came to us last Saturday with a position paper assailing the extension of services of overstaying generals and citing therein the reasons why there is a prevailing disillusion and discontent in the military sector.

We commiserate with the plight of these junior officers and since we see the logic of their arguments, we yield this space to the position paper of their sympathizers. Here goes:

"It is now common belief among people that the main assigned task of the military is to secure the ruling power and safeguard the status quo. As a reward, the regime has given it so much privilege in terms of big budget and tolerance for almost unlimited authority that borders to abuses.

"Its top brasses, on the other hand, were (are) rewarded individually with prolonged services which extend far beyond their retirement period. Many of them have their appointments extended not only once or twice but thrice or more.

"Change in the military hierarchy is as hard as in the regime that coddles it. One supports and protests the other and both apparently enjoy being in power forever.

"People long for change in government as much as in the military. But one can sense that a particular sector in the military itself clamor for change more than the people.

"The same old faces in the military as well as in government presupposes status quo. New blood may be more open-minded, have a fresh view of things and a broad perspective of present happenings so that it gives people at least hope for change.

"Consider the present situation in the military. There are general officers who have stayed in their positions long enough that they might have already become deadwood and impervious to change.

"The colonels due for promotion certainly are restlessly waiting, hoping against hope and their morale and idealism waning. So are the lieutenant colonels who expect to fill the ranks to be vacated by the colonels who are promoted. And so are the majors down to the lower ranks of captains and lieutenants.

"All these military officers are adversely affected by the continuously extended appointments of the general officers. Perhaps retirement period for many of them, especially the senior officers, is fast approaching. And for the unlucky ones, they may be retired without being promoted even to the next higher ranks which are due them long time ago.

"But the officers due for promotion are not the only ones adversely affected. It is their families, the military organization and the country in general that suffer most.

"Their families are deprived of whatever increase in pay and allowances they may get for being promoted to the next higher ranks. Their families (and they themselves) cannot enjoy the honors and prestige of having husbands and fathers being addressed as, say, general or colonel, as the case may be.

"It makes them frustrated. Why do they have to give all their best in the service when they do not get what they deserve? The best thing they can do is to take advantage of their being military men in whatever way they can to compensate for benefits and time lost.

"Thus it breeds dissension and demoralization within the Armed Forces itself. It makes the Armed Forces less and less effective as a military establishment. And the end result is the country surely will have a more lax national security which could mean an untold destruction upon our people and the nation.

"Besides it is an insult added to injury. For after having been deprived of everything due them, a sense of distrust and unworthiness continuously haunts them. Why, are they not qualified to take over the ranks to be vacated by the retirees and the officers to be promoted after so many years in service?

"And to think the cause of all this is but the over-staying general officers.

"Continuous extension of appointments of retired military top brasses are no doubt rewards for having helped keep the status quo to calm them down to satisfaction and complacency. But what about the officers waiting for promotion in silent protest?

"This is, in fact, a plain case of a privileged few retiree extendees against many officers due for promotion--a much bigger group of new blood long expected by the people as change in the military.

"Those in power now have to think twice."

No further comment.

CSO: 4200/712

PHILIPPINES

BRIEFS

**BATAAN NUCLEAR PLANT REFERENDUM**--A referendum on the scheduled operation of the nuclear power plant in Bataan will be conducted throughout the province on April 13. A special committee has been created to supervise the whole-day referendum, which is designed to get public opinion and comments about the nuclear plant located in Morong, Bataan. The committee, composed of Governor Efren Pascual, Vice Governor Carolina Beltran, and board members Ming Banzon and Rustico Mallari, met in Balanga, Bataan, last week and finalized the mechanics of the referendum. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 3 Apr 85]

**POLICE SUPERVISION APPROVED**--The implementing rules of Executive Order No 1012, which transfers operational supervision and direction over all police forces to city and municipal mayors, were approved yesterday [3 April] by the work committee set up to draft such guidelines. The work committee, chaired by Colonel Augustin Mateo, deputy chief of constabulary for police matters, said the final copy of the implementing rules is expected to be signed on 12 April. This final copy will consolidate the guidelines submitted by the five work groups set up earlier to pass the implementing rules of the five parts of the executive order. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 3 Apr 85]

**NPA SYMPATHIZERS PLEDGE GOVERNMENT SUPPORT**--Some 2,400 New People's Army [NPA] sympathizers and 83 barangay revolutionary committee members in Batuan City have pledged support to the government. Colonel Miguel Sol, 2d Infantry Brigade commander, said the intensified information drive and pulong-pulong [consensus meeting -- FBIS] conducted by the 36th Infantry Battalion preceded the offer of support by NPA sympathizers. The colonel said 90 percent of the total population, comprising 12 puroks [districts -- FBIS] have been influenced by the communists in the area. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 3 Apr 85]

CSO: 4200/739

SINGAPORE

BUSINESS OUTLOOK POOR AS ECONOMY SLOWS: LEE

Kuala Lumpur BUSINESS TIMES in English 20 Feb 85 p 3

[Text]

PRIME Minister Lee Kuan Yew said today Singapore's economy was slowing down and most companies expected business to worsen in the coming months.

The island's economy was expected to grow by five to seven per cent this year, compared with 8.5 per cent in 1984, and the growth would not be even, he said in a Chinese New Year message.

"Some sectors will do less well. But we shall progress," he said as industrialists here expressed fears that the Year of the Ox might spell doom for many export-oriented companies.

"A survey of business expectations shows that the majority of companies expect business to worsen in the first half of 1985. Only financial institutions and travel agencies expect improvement," he said.

Singapore's economic growth in the fourth quarter of last year slowed to 3.5 per cent after the first quarter 1984 spurt of 10.1 per cent, he added.

Singapore's economic woes stemmed from sluggish growth in industrialised countries, particularly the United States, Mr Lee said.

"The government will do what is practical to ease economic conditions. For three years we have undertaken large public works projects to keep up the economy at a higher pitch," he said.

Mr Lee said that despite the

economic slowdown, there was still no unemployment problem and wages would continue to go up as the island progressed towards upgrading its industries.

"We must absorb the new technology and adjust our lives accordingly. We are also moving out of low wage period," Mr Lee said.

He urged business and industrial establishments to keep themselves trim and automated to "reap the benefits when the economy swings up."

■ SINGAPORE'S commercial banks yesterday denied that they were directly responsible for the increased number of business failures in the island state recently.

They were responding to accusations published in a local daily which have plainly upset them and heightened concern about Singapore's gloomy business climate.

The *Business Times* quoted unnamed businessmen as saying banks were "pressing the panic button" by cutting credit lines, raising borrowing costs and petitioning to wind up companies.

At the same time, the newspaper's editor, in an unusual "open letter," warned bankers that the steep rise in petitions initiated by banks "will not be forgotten by the business community when the economic cycle swings upwards again."

Replying through the Association of Banks in Singapore, the

SINGAPORE, Feb. 19  
banks insisted that withdrawal of support was "more likely to be the result rather than the cause" of recent business failures.

Poor business conditions, inefficient operations, over-expansion and excessive speculation were likely to have caused more business failures, the bankers said.

Banks should not throw good money after bad and should not flinch from bold action where businesses were not viable, they said.

The row coincides with news that a record 445 companies faced winding up action last year.

According to *Business Times*, companies are being wound up this year at a rate of two a day. And banks are playing a bigger role in this.

Bankers acknowledged their own increased nervousness in the wake of the Chop Hoo Thye affair in December, when 19 banks found \$3100 million at risk in loans to a collapsed private import-export house run by a local Chinese trader. It was one of Singapore's biggest ever crashes.

Hoo Thye's problems exposed the hazards of "name lending" and bankers' fears about competitors pulling the plug on all creditors.

Businessmen running basically sound companies now say they are the victims of the nervousness. — FT

THAILAND

SOCIAL ACTION PARTY MP'S CALL ON PREM TO RESIGN

BK050400 Bangkok BANGKOK POST in English 5 Apr 85 pp 1, 3

[Text] A group of Social Action Party MPs yesterday took the government to task for its alleged failure to solve the nation's economic problems and called on Prime Minister Prem Tinsulanon to resign.

The call was made at a press conference after a meeting, attended by about 20 party MPs.

Khamphaeng Phet MP Ruangvit Lik, in a strongly-worded statement, challenged Gen Prem to dissolve Parliament and give way for new elections, so that "more capable persons" will be chosen to take over the government.

He said that his group agreed that the best person to be the next prime minister was SAP leader Khukrit Pramot.

Yesterday's meeting was held at the office of the assistant secretary to the foreign minister, Phunsawat Mulasatsathon, who is also SAP MP for Surin province. Those attending the meeting reportedly included Ubon Ratchathani MP Tun Chintawet, Khon Kaen MP Suthat Siratanaphan, Samut Sakhon MP Chia Kokphon, Phetchabun MP Phaisan Chanphakdi, Chiang Mai MP Sayom Ramasut and three MPs from Chon Buri province, Damrong Singtothong, Charun Ngamphkhet and Nikhom Saencharoen.

Mr Ruangvit said that his group was ready to leave the House because their presence in Parliament would be meaningless if the government could not improve the economy.

The government, under the leadership of Gen Prem, had made several mistakes in trying to solve the problem.

The first wrong decision was to limit the credit extension growth to only 18 percent and its latest move to impose the sweeping increase in taxes on several items would certainly not help to relieve the people of their hardships, he said.

Mr Ruangvit charged that the majority of Cabinet members were not sincere in solving the nation's woes. Most were giving more importance to personal gain.

The Kamphaeng Phet MP also charged Gen Prem with lacking administrative ability, saying that the best person to fulfill the functions of the prime minister was SAP leader M.R. Khukrit Pramot.

He said that his group supported the call by deputy SAP leader Kasem Sirisanphan, that the party review its support for the Government.

CSO: 4202/756



THAILAND

MP CRITICIZES CALL FOR PREM RESIGNATION

BK060734 Bangkok THE NATION REVIEW in English 6 Apr 85 pp 1, 2

[Text] A Social Action Party (SAP) MP yesterday opposed a call by his fellow party members who urged that the party withdraw support for Prime Minister Prem Tinsulanon.

Nakhon Sawan MP Wirakon Khamprakop also cast doubts on a claim by a SAP MP that a group of about 20 MPs wanted the party to switch support from Gen Prem to party leader M.R. Khukrit Pramot as prime minister.

"Why don't all the dissident MPs show up to prove the claim which I doubt very much," said Wirakon, son of Minister of the PM's Office Sawat Khamprakop.

He charged that the dissident MPs only wanted to increase leverage to bargain for Cabinet posts by launching the campaign against the prime minister.

Wirakon said that probably only two SAP members, and not 20, backed the call for the change.

"Some of them claimed that they represented the Young Turk grouping in the party, but I am also a Young Turk. I have never been approached over the issue," he said.

He warned the dissident MPs to stop the campaign. "They just don't have credibility left," Virakorn talked of the dissident MPs.

However, the Nakhon Sawan MP admitted that the country was in a bad economic situation and said he would not raise objection to a Cabinet reshuffle to improve the economic performance of the country.

He said the economic situation would aggravate this year because the government opted for a zero-growth budget.

"Next year, the government will conclude the fewest contracts with the private sector. That will not promote the economic growth. The government should opt for new low-interest loans rather than restructuring the tax system," he said.

Chat Thai MP from Suphan Buri, Chumphon Sinlapa-acha said the political situation was tense following a threat by some SAP MPS to withdraw support from the government.

He claimed he had received a report that some military grouping could exploit the tense political situation to stage a coup d'etat.

The MP said the situation had come to the point where there were only three options left for the premier: dissolve the Houses, resign or stage a coup.

A Cabinet reshuffle will not be enough to redress the situation, he said.

He charged that some senators supported a coup which they thought would enable them to retain their political posts.

They are also looking for a windfall to amend the Constituion to the effect that permanent officials would be allowed to take up political posts, he claimed.

CS0: 4200/757

27 April 1985

## THAILAND

## KHUKRIT REAFFIRMS SUPPORT FOR PREM GOVERNMENT

BK030155 Bangkok BANGKOK POST in English 3 Apr 85 pp 1, 3

[Excerpt] Social Action Party [SAP] leader M.R. Khukrit Pramot reaffirmed his party's support for the Government and said he will not put the blame on anyone for the defeat in the Nakhon Pathom by-election.

His statement came after his deputy Kasem Sirisamphan strongly criticised government coalition leaders for not giving enough support to the party in the poll.

M.R. Khukrit told the BANGKOK POST that he considered the fact that certain government MPs had canvassed for the opposition candidate in the by-election a "trivial" matter.

The Thai political system has not fully developed and that was why certain MPs were indisciplined and inefficient, he said.

He said there were several factors which led to his party being defeated in the by-election.

Some constituents might have chosen to vote for the Chat Thai Party and not SAP because they disliked this government or because they thought SAP's economic ministers' performance was unsatisfactory.

It could not be because they favoured Chat Thai's policy to that of SAP since Chat Thai had no policy of its own, M.R. Khukrit said.

Some voters might have given support to Chat Thai candidate Sarawut Niyomsap out of sympathy because he was mistreated by the Prachakon Thai Party and voted for him so as to prove that Prachakon Thai leader Samak Sunthorawet was wrong.

"This is rather the reason why Mr Sarawut got a large number of votes," M.R. Khukrit said.

The former prime minister insisted that the Government and his party's economic ministers had done their best in tackling the country's economic problems.

He said that he could not predict if the coalition will complete its four-year term, but reaffirmed that SAP will continue to give support until the end of its mandate.

"The country currently is in need of a stable government and I don't believe that any new administration could achieve this much stability after two years in office," he said.

Dr Kasem said at Parliament yesterday that the Government should re-examine itself following the by-election which was viewed as a contest between the Government and the Opposition.

SAP should also re-examine its policy of continuing to support the Government, he said, while stressing that he was making the comment on a personal basis.

CSO: 4200/756

THAILAND

PARTY OFFICIAL URGES DISSIDENTS NOT TO CRITICIZE

BK070354 Bangkok BANGKOK POST in English 7 Apr 85 p 3

[Text] Social Action Party [SAP] deputy leader Dr Kasem Sirisamphan yesterday appealed to dissident party members to stop calling for the Government to quit and asked them to have faith in the party's policy.

Dr Kasem's appeal followed a call by about 20 SAP MPS for the resignation of Prime Minister Prem Tinsulanon and the dissolution of Parliament to pave the way for new elections because they said the Government has failed to solve the country's economic problems.

The dissidents said they wanted "more capable persons" to run the Government and mentioned party leader M.R. Khukrit Pramot as a possible alternative for the post of premier.

Dr Kasem made the appeal during an interview with reporters after giving a lecture on "Education and Democracy Development" to members of the Thai Education Society at the Bangkok Palace Hotel yesterday.

Dr Kasem asked the dissident MPS to bring the matter for consultation at the coming party meeting and said they should uphold the party policy and have faith in party leader M.R. Khukrit who earlier confirmed the party's unwavering support for the government.

He conceded that every MP has the right to express his personal opinion, but he said this should not cast a shadow on the party's official policy.

Dr Kasem also clarified his earlier remark that SAP should reexamine its policy of continuing to support the Government after the party suffered a defeat in the Nakhon Pathom by-election.

The deputy leader said he did not mean to call the party to withdraw from the Government but only wanted it to review its performance.

On the economy, Dr Kasem said he personally admired the decision of Finance Minister Sommai Huntrakun to recommend to the Government to devalue the baht and to impose sweeping increase in taxes.

He said the country's economic situation would worsen and would be too late to take corrective measures if the Government did not act now.

He disagreed with a call by some MPS to reshuffle the Cabinet saying that the present ministers should be given enough time to deal with the country's economic woes.

CSO: 4200/756

THAILAND

MALAYSIAN ANTI-INSURGENT COOPERATION DETAILED

BK310718 Bangkok BANGKOK POST in English 31 Mar 85 p 3

[Article by Soemsuk Kasitipradit]

[Text] Thailand and Malaysia have long regarded the Communist Party of Malaya (CPM) as their "common enemy." But for Thai authorities charged with keeping law and order in the South, it is the separatist rebels that they are more worried about.

Recently there have been indications that Malaysian authorities are becoming more cooperative in efforts to track down the terrorists, who use Malaysian territory as their sanctuaries.

There also have been signs which indicate that Kuala Lumpur may be undergoing major changes in its handling of security problems along the common border.

Gen Zainal Bin Haji Jawati, commander of Malaysia's Sixth Brigade which is in charge of border security, made clear during his visit to Yala Province recently that the CPM is the "common enemy of Thailand and Malaysia."

Referring to separatist rebels active in some areas of southern Thailand, Gen Zainal said: "Whatever problem affects the security of Thailand also threatens the security of Malaysia."

Fourth Army Deputy Commander Maj-Gen Panya Singsakda, reacting to the Malaysian's comment, said: "This must be taken as a good sign from the Malaysian side. It's a good omen for Thai and Malaysian cooperation in tackling the insurgency problem in the South."

Zainal's comment is particularly praiseworthy because under the 1977 border agreement, the two countries call for cooperation in their campaigns against CPM and the Communist Party of Thailand.

No mention was made, however, of the two main separatist groups -- the PULO [Pattani United Liberation Organization] and the BRN [Barisan Revolusi Nasional] -- whose combined strength is at present estimated at 500 men under arms. The terrorists often use Malaysian territory as a sanctuary after carrying out attacks in Thailand.



It is these rebel groups that have long been a thorny issue between Thai and Malaysian authorities, particularly during the time the Fourth Army was under the command of Lt-Gen Han Linanon. At the time, the conflict was most strongly felt. Thai authorities complained that while they were helping the Malaysians track down CPM insurgents, the Malaysians were not doing enough to help suppress the separatists.

Though the separatist issue was never discussed officially in the various border committee meetings, Thai authorities have been known to raise the issue with their Malaysian counterparts on an informal basis.

Said one high-ranking member of the General Border Committee: "We often bring the issue up unofficially. And we understand that the Malaysian Government does not support the separatists, that is clear. But it's their local problem because some of their political parties do support the separatists and we know it will take time to solve the problem."

He said Thai authorities believe that the Malaysians have changed their attitude towards the separatist problem largely because of the success of past campaigns against the CPM.

"At one time they doubted our sincerity in suppressing the CPM. But I think the doubt has been removed and they are quite happy now with our efforts as can be seen in the attitude of Gen Zainal," one Thai official observed.

And it is on this that the Fourth Army will try to bank for future Malaysian cooperation on the separatist issue, he added.

"What we are trying to do now is to show the Malaysians our sincerity and real efforts on the CPM problem. Only then can we find ways to cooperate on the separatist issue, which may include amending the border agreement to incorporate military cooperation in joint campaigns against the separatists," a member of the regional border committee said.

CSO: 4200/756

THAILAND

UKRIT SAYS 'INSTABILITY' HINDERS DEVELOPMENT

BK021006 Bangkok BANGKOK WORLD in English 2 Apr 85 p 32

[Text] President of Parliament Ukrit Mongkhonnawin yesterday named government instability as a main drawback to national development.

Speaking on the topic of "Civil Servants and Political Stability" on the occasion of Civil Servants Day, Dr Ukrit said there had been no stability and continuity of administration in governments since 1973.

The political fluctuations stemmed from changes of leadership that led to reluctance on the part of new governments to attend to economic development, he said.

Instead, they concentrated on their own political survival and stability with the result that decision on important projects were left in the balance, he added.

Lack of government decisiveness over the development of Don Muang Airport was a case in point, he went on.

About 10 years ago, Don Muang, as the centre of civil aviation and a stopping point for many airlines, was the most modern airport in Asia, he noted.

Today, Don Muang is 12 years behind the Changi Airport in Singapore, he pointed out:

At Don Muang, passengers disembarking from air-conditioned planes are still herded into ordinary, unacclimatized buses for the brief journey to the airport building, he noted.

Such discomfort, he said, did not exist in Singapore, an island republic of only two million people with no natural resources.

We added that Singapore now planned to build a second airport while Thailand had to wait another six to seven years before Don Muang could undergo expansion.

This situation is due to Thailand's lack of longterm plans to deal with problems which have been solved superficially on short-term bases, he said.

Touching on the tax collection system, he said increased taxation could not help solve the country's financial problems but would bring more economic hardship to the people.

On the role of civil servants, Dr Ukrit said they had important tasks because they were like tools that make the country run.

He said there were now about one million officials in government agencies and state enterprises serving the country's 50-million-strong population.

He said the nation could survive without a government or parliament but not without these one million officials.

Yet these officials faced economic hardships as they could scarcely make ends meet.

Even the nation's top brains met these problems, he stressed.

Many King's scholars, after serving in government agencies following graduation, had resigned to join the private sector because of economic problems, he said.

"This kind of braindrain was not expected before but now it happens with people we once trusted would love the country and dedicate themselves to the nation," he added.

CSO: 4200/756

THAILAND

'LARGE COMMUNIST CAMP' SEIZED IN BETONG

BK050247 Bangkok BANGKOK POST in English 5 Apr 85 p 7

[Text] Betong -- government forces yesterday seized a large communist camp here after a fierce gunbattle with Communist Party of Malaya [CPM] guerrillas.

Colonel Sunthon Winitchaikun, chief-of-staff of the 43rd Civilian-police-Military Command, said that a combined army-ranger patrol came across a band of about 30 cpm guerrillas in Ban Wang Sai, about eight kilometres to the east of Tarn To district.

A firefight broke out and lasted 30 minutes during which an army helicopter gunship flew to the scene.

Near the site of the clash, the government forces found a production centre covering an area of 200 rai. They also discovered a large camp consisting of living quarters for 100 men, a meeting room which could accommodate about 300 people, an air-raid shelter, basketball and volleyball courts, chicken and pig pens and a tunnel.

Colonel Sunthorn said the camp was as large as the one seized over a month ago which was the headquarters of the CPM'S 2nd Zone.

A few hours after the camp's capture, another ranger unit clashed with about 15 cpm guerrillas in Ban Kong Si 1. Tambon Tano Mae Ro, nine kilometers northwest of Betong.

Two rangers were wounded, one seriously, when they stepped on a landmine while trying to pursue the insurgents.

CSO: 4200/756

THAILAND

PAPER REPORTS CABINET APPROVES TAX INCREASES

BK030201 Bangkok BANGKOK POST in English 3 Apr 85 pp 1, 3

[Excerpt] The Cabinet yesterday approved tax increases on beer, liquor, cigarettes and imported foreign cars, trucks and auto spare parts, government sources disclosed.

The tax package, proposed by the Finance Ministry, was finally approved after a marathon six-hour debate.

The Cabinet, however, failed to raise taxes on interests on fixed deposits. The diesel price and travel tax was also untouched.

Tax on beer will be increased from 14 to 28 baht per litre while those on several types of liquor including whiskies will go up by as much as 20 baht per litre.

The adjustment will result in substantial increase in prices of the two popular "Mekhong" and "Hong Thong" whiskies as well as other brands. The tax increase will put the amount of excise on both brands at the same level, the sources said.

Also approved was an increase in tax on filter cigarettes, pushing up the price by one baht a pack. The Finance Ministry had earlier proposed that prices be increased by three baht.

Import of fully-assembled cars of more than 2,300 cc was permitted for the first time in several years, but will be subjected to a duty tax of 600 per cent, sources said. Pick-up trucks, trucks and vans in completely knocked-down form for local assembly will also face higher taxes, but the exact increases were not available.

CSP: 4200/756

THAILAND

NATION REVIEW ON SUHARTO-LEE KUAN YEW TALKS

BK040135 Bangkok THE NATION REVIEW in English 4 Apr 85 p 4

[Editorial: "Vietnam Cannot Be Made Development-Conscious"]

[Text] Singapore Prime Minister Lee Kuan Yew has been visiting Indonesia and having talks with President Suharto for three days. The talks, as we understand them, have primarily centred on bilateral relations until the final session when both of them discussed the problems of Indochina. Within the overall spectrum of agreement among ASEAN members, Singapore and Indonesia are at the opposite ends. In their views Singapore's are closer to Thailand's and Indonesia's closer to Malaysia's although Malaysia does not subscribe to all Indonesian moves.

It is downright ridiculous for both Lee and Suharto to agree that Vietnam should not be isolated and not left far behind China in development. The question of Vietnam being isolated does not arise at all since Hanoi has chosen her friends and has decided to become a member of the Soviet bloc of nations, which is a large and powerful bloc. It is even worse when it comes to the question of development.

Ten years ago, Hanoi achieved the ambition of reunifying Vietnam. From that day onward Vietnam did not start demobilizing her army and indulge in reconstruction. She did not in any way try to improve her war-ravaged economy and she could have tapped the goodwill and money of a vast number of nations, including Thailand, if she wanted to. No, what she wanted was the control of the whole of Indochina -- and nobody can say that her ambitions stop with that.

Indonesia which suffers from a "Chinese syndrome" because of the bloody events of 1965, hopes that a strong Vietnam (perhaps a strong Indochina) will act as a buffer between China and ASEAN. But there are not chances of an economically prosperous Vietnam in the near future but what we have right now is a militarily strong, very strong, Vietnam which has control over Laos and is now occupying most of Kampuchea. But that is not what Indonesia wants either.

Suharto's spokesman also said that ASEAN should take "follow up steps to ensure Vietnam will not be an aggressive and expansionist country." This is easier said than done because ASEAN can do nothing about that. Vietnam has proved

herself to be an aggressive and expansionist country by her invasion and occupation of Kampuchea and has thumbed her nose at every UN resolution as well as being devious in her discussions with the representatives of Australia and Indonesia.

To add to this, Soviet Deputy Foreign Minister Mikhail Kapitsa has said that the Vietnamese do not need any additional help from Russia in the light of Thai acquisition of F-16s. He could be right because during the several wars they have been fighting the Vietnamese have never used aircraft of any kind. Further, the Soviet Union has more than necessary sophisticated aircraft in Vietnam that could take care of all emergencies.

CSO: 4200/757



THAILAND

ARTICLE REVIEWS DOMESTIC POLITICAL SCENE

BK031051 Bangkok Su Anakhot in Thai 20-27 Mar 85 pp 21-23

[Article: "The Prem Government's Stability is Packed with Soldiers, Latent Power, and Parliamentary Support"]

[Text] The government, under the leadership of General Prem Tinsulanon, has survived for nearly 2 years now after the election on 18 April 1983. Although it has faced several political storms in the past, the indication is that Gen Prem will remain prime minister for the final 2 years of the current government's term regardless of any political situation.

Before looking at the future of the government, let us review major political events over the past 2 years, as this could indicate future political trends. A major event was the announcement devaluing the baht from 23 to 17 baht to \$1. The devaluation provoked vigorous reaction from the military. This began with five senior military officers co-signing an appeal for the prime minister to reshuffle the cabinet. This was followed by senators who were members of the military establishment joining hands with the opposition to submit a motion for a special parliamentary session to debate effects of the devaluation. The dispute between the military and the government regarding the devaluation reached an explosive point when Supreme Commander and Army Commander Gen Athit Kamlang-ek appeared on television to attack the government's decision. Social Action Party leader M.R. Khukrit Pramot also made his television appearance at the same moment to support the government's decision.

Another important event was the petition signed by some military officers for Gen Prem, as defense minister, to extend Gen Athit's term for 2 years. To this, Gen Prem merely replied that the matter will have to follow established procedures. Afterward several cabinet members voiced disagreement to the effect that extension can only be given 1 year at a time.

To analyze the government stability, it is essential to discuss: 1. the military establishment and latent power, 2. unity among the government coalition parties, and 3. the parliamentary situation. Regarding the military establishment, it is well known that some military officers loyal to Gen Athit are unhappy with Gen Prem. However, many officers, particularly members of the Chulachomklao Military Academy class 5 under the leadership of Army Operations Department Director Maj Gen Suchinda Khraprayun are unswervingly loyal to the Gen Prem. The members of class 5 now control 12 divisions.

The military establishment is not the only decisive factor in Thai politics, however, and another important factor is "the latent power." It is evident that Gen Athit backed down from his strong conflict with Gen Prem as the result of this latent power. Many politicians even said: there exists something above the sky and there exists something else more powerful than Pa Prem.

In the past few months Gen Athit has kept a low profile and spent his time visiting troops along the borders. He was not in the news until 5 March, when he attended a party Gen Prem hosted for senior military officers. It could not be confirmed whether he and Gen Prem discussed the former's extension of service. In any event, the atmosphere at the meeting between them was reportedly very friendly following several months of estrangement. Earlier, Gen Athit reportedly met with Gen Prem several times over meals arranged by a senior military officer in attempt to mend the rift between them. This conforms with the king's wish; he appealed during his birthday speech for unity within the nation.

Regarding unity among government coalition parties, a phenomenon of the past 2 years has been fine cooperation that has been forged between the Democrat and the Prachakon Thai parties, both of whom had a history of mutual dislike. Senior officials of both parties confirmed that cabinet ministers from their parties have never quarreled since joining the current government.

Analysts of political affairs believe the survival of the current government is attributed to distribution of ministerial portfolios in such a way that each party is separately given responsibility for the administration of one whole ministry, thus eliminating quarrels among the coalition parties. The system which puts ministers from different parties together in one ministry has caused confusions in past governments.

Cabinet ministers who are likely to cause more problems and thus concern for the prime minister are those from the Chat Prachathipatai party, particularly Industry Minister Op Wasurat who publicly opposed the devaluation decision despite prior agreement in a cabinet meeting that every party in the coalition would support the decision. The prime minister reportedly was not pleased with minister Op's attitude.

In any event, removal of the Chat Prachathipatai party from the government would still leave the government with about 200 supporting mp's -- more than half of the 324-seat house of representatives. Only about 6 of the 15 Chat Prachathipatai mp's have actually supported the government.

The Social Action Party is the largest party in the coalition. Social Action Party leader M.R. Khukrit Pramot is a senior politician with great ability and charisma in present day politics. His long-standing relationship with Gen Prem has appeared to strengthen with every passing day, possibly due to their common belief that parliament and government longevity is indispensable for development of strong foundation for democracy.

The Social Action Party has supported Gen Prem for 6 years now and will probably remain supportive indefinitely. The government faced several crises in the past

6 years and M.R. Khukrit helped Gen Prem defuse every one of them. Gen Prem reportedly consults M.R. Khukrit regularly at the latter's home or by telephone on issues which he has difficulty deciding about. The Social Action Party has provided full parliamentary support to the government despite reservation by some party mp's on certain issues. Outside the parliament, M.R. Khukrit fully defends the government whenever it is engaged in confrontation with the military.

Regarding the parliament, senatorial support for the government is still strong, while the past 2 years in parliament proved that the opposition headed by the Chat Thai party was never able to shake government's stability. The opposition commands only 113 votes in the house.

The Chat Thai Party's role as the largest opposition party has not been effective enough due to a lack of unity within the party itself, which makes it lack a firm stand to genuinely struggle for national and popular interests. In the past 2 years the Chat Thai Party brought two no-confidence motions against Communications Minister Samak Sunthorawet and Interior Minister Gen Sitthi Chirarot and suffered defeats by wide margins.

Another reason which limits the role of the opposition is the short annual parliamentary session -- only 60 days or 12 meetings. It is also difficult to convene a special parliamentary session because this requires the support of one-third of the combined parliament members.

This quiescent parliament enables the government to devote full time for national administration without having to worry about the opposition.

The no-confidence motion against the prime minister, submitted by the opposition during the previous special parliament session, will be debated in the ordinary session in May. The government will have to face this debate at a time when it is being strongly criticized for post-devaluation economic problems -- problems which are causing even pro-government mp's to campaign for the prime minister to reshuffle the cabinet. The Prem government certainly cannot act nonchalantly about all of this.

There are reasons to believe that political pressure against the government will increase as the new parliament session approaches, what with Gen Athit's extension and other games played in the parliament. However, many analysts are confident that regardless of any political change, Gen Prem will remain prime minister until 1987 when the government's term ends.

CSO: 4207/162

THAILAND

DAILY ON SRV 'LIBERATION' ANNIVERSARY FETES

BK040145 Bangkok BANGKOK POST in English 4 Apr 85 p 4

[Editorial: "Ten Years...and the Rice Bowl Is Empty"]

[Text] Vietnam is celebrating April as a month of memories. Ten years ago, Saigon, then the capital of the Republic of South Vietnam, was, in communist terms, "liberated." It was, most citizens of the war-battered nation hoped, the time to savour the sweet taste of peace. National reunification was promised, but for a distant future, when time and attitudes would permit. The future was not all cheers and smiles, but at least hopes were high. No more bombs, no more fraternal struggles. The time for national reconstruction had come.

Today Vietnam is left with no more than its hopes, dreams and memories. Although the country can celebrate the past, the present is not providing much in the way of happy news to the state's 56 million plus people. The promises of the spring of 1975 have turned sour. In the past ten years the Socialist Republic of Vietnam has succeeded mostly in demonstrating, in its own austere and slightly arrogant way, that Communism really does not work. It does not help to bring happiness to the people, does not deliver freedom to the oppressed masses it is supposed to protect nor promote the kind of life and freedom they should be able to reasonably expect.

Everyday we receive dispatches from Da Nang or Hue, Ho Chi Minh City or Hanoi describing the festivities. The red flags and the well-organised crowds, the ritual denunciations of the "Chinese hegemonists" and the official praise for those who defeated so-called "American imperialism".

There is a lot still to say about the way the United States fought its war in Vietnam. A lot more about the way the South Vietnamese Republic fought -- or rather very often failed to fight -- in a struggle that was to determine its fate.

But today visitors to Vietnam, north and south, are surprised to discover that beyond the official rhetoric, there is little animosity towards the Americans. So many Vietnamese have relatives abroad, many in the United States. What they described bears little resemblance to the official gloomy descriptions of the "evil of capitalism".

Vietnam fought hard to gain its independence, to free itself from foreign invaders and colonial powers. In the middle of war and calamity it showed great courage and tremendous will. It gained the respect of the world, even of its enemies.

Today Vietnam is kept alive by the Soviet Union. No assistance is totally devoid of strings and pressures. And Moscow is a demanding protector. The economy is not going anywhere. It is surviving. Everyday there is hope, but never certainty, that there will be some rice in the bowl. The war in Kampuchea goes on and every independent report coming from Phnom Penh bears additional testimony to the growing difficulties faced by Hanoi. The Vietnamese army is extremely secretive. It does not reveal casualties and losses. It says nothing of the young men who die everyday in a dubious combat. One would hope the Vietnamese nation would take the time to reflect on the death of so many members of its younger generation and ask whether this end justifies such aggressive means.

Vietnam in April is entitled to remember. It can praise the past. In fact it is better to praise the past because there is so little to celebrate in the present.

CSO: 4200/756



THAILAND

BRIEFS

UKRIT DISCUSSES INDIAN TALKS ON CAMBODIA--President of Parliament Ukrit Mongkhonnawin said yesterday that India can play a positive role in solving the Kampuchean problem. Ukrit told reporters that during his recent visit to India he held talks with Indian parliamentary leaders on matters of mutual concern, including the Kampuchean problem. He said he told the Indian leaders that Thailand was concerned over the situation along the Thai-Kampuchean border because Thailand, like India, wants to live peacefully with its neighbours. "We are worried about Vietnamese intrusions. We hope that India can play a constructive role in solving this conflict," he said. In the meeting with Indian Prime Minister Rajiv Gandhi, he said that the Indian leader wanted to see an improvement in Thai-Indo relations, which have been cool for several years. He said Rajiv Gandhi also invited Their Majesties The King and Queen and Princess Mahachakri Sirinthon to visit India. Ukrit said that the President of the Indian Parliament will soon visit Thailand to strengthen bilateral ties. [Text] [Bangkok THE NATION REVIEW in English 8 Apr 85 p 5]

POLICE COMMANDER ON COMMUNIST INFILTRATION--Followers of the "Fourth International" -- a communist movement -- have infiltrated Thailand to spread their tactical procedure for communist revolutions throughout the world, a senior police official said yesterday. Special branch Division Commander Pol Maj Gen Kasem Saengmit was speaking on "The Strategy and Tactics of the Communist Party of Thailand" to members of the Social Welfare Council of Thailand at the Ambassador Hotel. He said that the Fourth International started its penetration in Thailand following the October 14, 1973 students uprising. However, this school of communist thinking has not yet been translated into the establishment of an organization here, the Special Branch commander said. He said that Bangkok had become a central venue where super-powers are competing against one another to expand their respective influence. Referring to the Communist Party of Thailand (CPT), Pol Maj Gen Kasem said the outlawed party had planned to "liberate Thailand" by 1978 with a special force based in Laos. [Text] [Bangkok THE NATION REVIEW in English 6 April 85 p 3]

JOINT EXERCISE PLANNED WITH INDONESIAN AIR FORCE--Thai and Indonesian air forces will launch a joint exercise on Sumatra Island of Indonesia late this month, an air force official said yesterday. The official said that the exercise, codenamed 'Elang Thainesia IV', will be held during April 23-26 at the Indonesian air base in Medan on the island. The exercise will include cooperation to solve problems at command posts and tactical air operations,

27 April 1985

according to the sources. He said that the exercise was aimed at enhancing the capabilities of the two air forces to work together in a situation where such cooperation is needed. Thai air force officials to participate in the joint exercise are scheduled to fly to Medan on April 19 and attend the opening ceremony to be jointly chaired by Air Force Commander ACM Praphan Thupatemi and his Indonesian counterpart. The joint exercise will be the fourth of its kind. [Text] [Bangkok THE NATION REVIEW in English 6 Apr 85 p 3]

**1,000 LAO REFUGEES MOVED TO NAKHON PHANOM - Nong Khai --** About 1,000 Laotian refugees illegally living in a former refugee camp here were rounded up early this morning and sent to a refugee holding centre in Nakhon Phanom, governor Sakda O-Phong said. Governor Sakda said that 475 personnel including provincial officials, Border Patrol Policemen, defense volunteers and soldiers were involved in the action. The force surrounded the former camp at Ban don Sawan in Tambon Hat Kham in Muang District at about 2 A.M. and told the Laotian refugees inside the camp to pack up their belongings and prepare to move. The refugees will today be taken by trucks to Napho camp, a Laotian refugee holding centre in Nakhon Phanom. Governor Sakda said the refugee camp in Muang District had been closed two years ago and those rounded up were remnants of Laotian refugees who defied the relocation order and continued to stay there. Most of the refugees, who number 998 and 80 percent of whom are men, are former Laotian soldiers. Their leader was identified as Thao Khammoun, 42, Governor Sakda said. [Text] [Bangkok BANGKOK WORLD in English 3 Apr 85 p 3]

**TRADE PROTEST MISSION TO BE SENT TO TOKYO - Bangkok, April 6 Kyodo --** The Thai government intends to send a mission to Tokyo to press its demand that Japan should open its market wider prior to Japan's scheduled announcement on the issue on Tuesday, officials here said Saturday. A vice minister-level mission was due to arrive in Tokyo before Monday to directly express the demand for lower tariffs, particularly on boneless chicken, imported from Thailand, officials said. The Thai government has announced that it may have to take retaliatory action if Japan does not meet its demands. In addition to lowering of tariff on boneless chicken, which has become symbolic of trade friction between the two countries, Thailand is urging Japan to import 200 million dollars worth of fruit as well as increasing imports of frozen fish. Thailand's demands are echoed by other members of the association of southeast Asian nations (asean). [Text] [Tokyo KYODO in English 1202 GMT 6 Apr 85]

**MILITARY EXERCISES HELD NEAR LAO BORDER--**The Third Army Region held military exercises and a mock evacuation of civilians near the Laotian border from March 31 to April 4. About 1,000 troops from the Lampang-based 17th Infantry Regiment and an army engineering corp in Nakhon Sawan together with Scorpion light tanks and armoured personnel carriers took part in the maneuvers held in Ban Pa Lard and Ban Thung Kluai of Chiang Kham District, Phayao Province. About 2,000 inhabitants of Ban Huak village were evacuated on April 4 during a mock air raid by enemy planes. A 30-minute blackout was also imposed in Chiang Kham District on April during an air raid drill. [Text] [Bangkok BANGKOK POST in English 8 April 85 p 3]



27 April 1985

ASA TO DISCUSS BILATERAL COOPERATION IN JAPAN--Foreign ministry permanent Secretary Asa Sarasin will leave tomorrow for Japan to hold talks with his Japanese counterpart on political and economic cooperation between Thailand and Japan. Talks during Mr Asa's eight-day visit will include the Kampuchean issue, bilateral trade and Japan's proposal to set up a new television station and radio relay station for the Public Relations department. [Text] [Bangkok BANGKOK POSG in English 5 Apr 85 p 5]

NAVY REPORTS PRESENCE OF SUBMARINES NEAR GULF--According to a navy report, foreign submarines have often been spotted in seas near the Gulf of Thailand. They were detected by electronic equipment to be diesel powered. This group of submarines plies between the Tonkin Gulf and Indonesian territorial waters. It is believed that the submarines' mission is intelligence gathering and, since they are diesel powered, they are more likely to be Soviet submarines. [Text] [Bangkok Voice of Free Asia in Thai 1000 GMT 25 Mar 85]

BELGIAN AMBASSADOR PRESENTS CREDENTIALS--On 28 March, the king received credentials from Belgian Ambassador Baron (Patrick Nortom) at Chakkri Throne Hall, Grand Palace. [Summary] [Bangkok Voice of Free Asia in Thai 1030 GMT 28 Mar 85 BK]

ROYAL DECREE CONVENES 26 Apr PARLIAMENT SESSION--Royal signature: Phumiphon Adunyadet, king. Given on 27 March 1985, the 40th year of the present reign by the royal command of His Majesty King Phumiphon Adunyadet, it is hereby proclaimed that: As the parliament has set 26 April as the date for the opening of the 1985 ordinary session in accordance with Article 115 of the Constitution of the Kingdom of Thailand, his majesty the King, empowered by the provisions in Articles 117, 120, and 159 of the Constitution of the Kingdom of Thailand, has graciously ordered a royal decree to be issued convening the ordinary parliamentary session on that day. Countersigned: General Prem Tinsulanon, prime minister. [Text] [Bangkok Domestic Service in Thai 1200 GMT 5 Apr 85]

ANNOUNCEMENT ON DIPLOMATIC TIES WITH ZIMBABWE--The Government of the Kingdom of Thailand and the Government of the Republic of Zimbabwe, adhering on the United Nations Charter and desiring to establish friendly relations and cooperation for mutual interest on the basis of the principles of equality, non-interference in each other's internal affairs, and respect for national independence and integrity, have agreed to establish diplomatic relations as of 4 April 1985, and to exchange diplomatic representatives at ambassadorial level on a later occasion. 4 April 1985. Signed: General Prem Tinsulanon, Prime Minister. [Text] [Bangkok Domestic Service in Thai 0000 GMT 4 Apr 85] [4 August Announcement by the Prime Minister's Office]

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